

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

Testing times for
Poland's radical
priests, Page 2

World news

Business summary

Kohl gives star wars plan full backing

West German Chancellor Helmut Kohl gave full backing to President Reagan's star wars anti-missile defence programme.

He said Bonn would send a team of experts to the U.S. to examine the possibility of a West German stake in the controversial Strategic Defence Initiative.

The Chancellor said, however, that he would continue to press for a joint European approach and a guarantee by the U.S. of a "fair partnership" in the technology involved. Page 16

Karami to Syria

Lebanese Prime Minister Rashid Karami went to Damascus for talks with Syrian leaders on the crisis provoked by fierce battles between Muslim militias in West Beirut on Wednesday. Page 4

Sudan talks

Southern Sudan guerrilla leader Col John Garang is due in Khartoum for talks with military leader Gen Abdul-Rahman Swaroudah, a move regarded as a breakthrough in efforts to end the rebellion in the south. Page 4

China call

Chinese leader Deng Xiaoping called on Moscow to make a gesture towards removing obstacles to better relations between the two nations.

New Neves crisis

Brazil's ailing President-elect Tancredino Neves suffered a new health crisis and his condition deteriorated further.

Soviets expelled

Soviet diplomat and a senior Aeroflot staff member have been expelled from Britain for carrying out "unacceptable activities," an official spokesman for spying.

Man burned

A white man was in critical condition in hospital in Uitenhage, South Africa, after being pulled from his car and set on fire by a large crowd of black youths, police said. Meanwhile, doctors told an official inquiry that most of the 20 victims of a police shooting incident in the town last month were shot in the back.

Taylor to retire

British Harry Taylor, number two at Manufacturers Hanover Bank, is taking early retirement.

Rugby protests

New Zealand Rugby Union's decision to send a team to tour South Africa has provoked widespread protests at home and threats of retaliation from the African National Congress. Page 4

Journalists go back

Italian journalists ended a strike that plunged the country into an almost total news blackout for five days in support of a pay claim. Earlier report, Page 3

U.S. jet crashes

A U.S. Air Force OA-37 attack jet crashed off the southern coast of Honduras on a training mission. The fate of the crew was not known.

Nakasone's goal

Japanese Prime Minister Yasuhiro Nakasone said he tried to "carry out a revolution in the nation's consciousness" through the latest series of measures to open the country's markets to foreign goods.

Technology lag

The Soviet Union and its allies are having difficulty in adapting to new technology and increasingly lagging behind the West, according to reports by academics and businessmen at a Nato seminar in Brussels.

Entrad fails to take over Tootal

TOOTAL, Britain's fourth largest textile group, defeated £128m (£165m) takeover bid from Australia's Entrad after bitter 10-week battle. Entrad blamed its failure on last-minute intervention by J. Rothschild Holdings. Page 16

SUBSTANTIAL changes in rules governing the conduct of take-over battles in the UK, announced today, will reduce the opportunities for tough tactics by predator companies and for quick profits by speculators. Page 9; Editorial comment, Page 14

DOLLAR fell in London to DM 2.9845 (DM 3.0265); SwFr 2.4895 (SwFr 2.5250); FFf 9.12 (FFf 9.23) and Y247.90 (Y249.35). On Bank of England figures, the dollar's index fell from 144.1 to 142.0. In New York it closed at DM 2.9595, SwFr 2.4825, Y248.95 and FFf 9.045. Page 37

STERLING rose 1.3 cents against the dollar in London to close at \$1.2915. It fell slightly to DM 3.8850 (DM 3.87) and FFf 11.7750 (FFf 11.750). It was unchanged at SwFr 3.23, and was higher against the yen at ¥230.50 (¥231). The pound's exchange-rate index rose to 79.6 from 79.4. In New York it closed at \$1.301. Page 37

LONDON stocks and gilts firmed after prospects for a base rate cut improved. The FT Ordinary index rose 2.7 to 991.5. Section III

TOKYO issues were sharply lower after the previous day's weak rally. The Nikkei-Dow index fell 249.24 to 12,052.82. Section III

WALL STREET: The Dow Jones industrial average closed 7.18 down at 1,265.13. Section III

GOLD fell \$1 an ounce on the London bullion market to close at \$327.25. It rose in Zurich to \$328.00 from \$327.05. In New York, the Comex June settlement was \$330.80. Page 36

U.S. money supply M1 fell \$1.2bn in the latest reporting week. The decline matched market expectations.

ROLLS-ROYCE saw a dramatic turnaround last year with pre-tax profits of £28m (£33.5m) against a loss of £114m in 1983. Page 8; Lex, Page 16

TEXAS INSTRUMENTS, largest U.S. semiconductor manufacturer, suffered a fall in first-quarter net profit to \$9.1m compared with \$79.8m in the previous corresponding period. The decline in sales from \$1.34bn to \$1.29bn. Page 17

NESTLE, Swiss-based foodstuffs group, raised consolidated net profit to 17.9 per cent last year to a record of nearly SwFr 1.49bn (\$600m). Page 19

BELL RESOURCES, controlled by Australian entrepreneur Robert Holmes & Court, released about AS120m (\$78.1m) through the exercise of option contracts over shares in Broken Hill Proprietary, the nation's largest company, representing about half of Bell's 5 per cent investment. Page 18

TRANS WORLD AIRLINES of the U.S. reduced its first quarter 1985 operating losses from \$87.3m to \$86m.

SAL OPPENHEIM, West German private bank, expects another strong result this year after an unspecified increase in operating profit last year. Page 19

SCHERING, West German pharmaceuticals and chemicals group, boosted profit to DM 138m (\$48m) from DM 80m in 1983. Page 19

ALGEMENE BANK Nederland received Australian Government's approval to buy out local shareholders in its merchant bank offshoot as part of the country's policy of liberalising foreign ownership of financial institutions. Page 18

HONDURAS, a leading banana producer, hopes to boost output by up to 20 per cent per year through an export incentive scheme. Page 36

\$ falls sharply as U.S. growth slows to 1.3%

BY STEWART FLEMING IN WASHINGTON, PAUL TAYLOR IN NEW YORK AND PHILIP STEPHENS IN LONDON

THE DOLLAR fell sharply yesterday after the Commerce Department in Washington released figures showing that the U.S. economy grew at a real annual rate of only 1.3 per cent in the first quarter.

Surging imports siphoning off domestic demand to foreign suppliers prompted the Government to revise sharply downwards its earlier 2.1 per cent forecast for growth in gross national product (GNP).

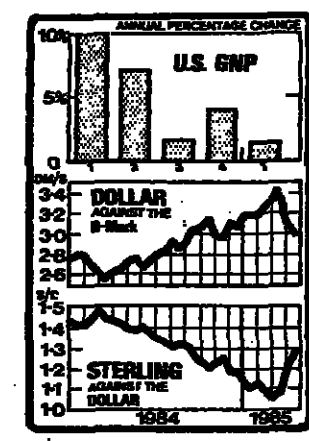
Mounting evidence that the U.S. economy is locked into a lower growth trend has helped to push the value of the dollar sharply lower in recent weeks.

The declines that followed the release of yesterday's figures provided a further boost for sterling and increased expectations of an early fall in UK bank base rates.

Foreign exchange dealers said that the new brought heavy losses for the dollar within minutes.

Spreads between buy and sell prices widened to as much as 1 pence as the dollar fell from around DM 3.65 to a low of DM 2.9725 in London trading.

It closed at DM 2.9845, 4 pence



lower than on Wednesday and below what was widely regarded as a psychological barrier of DM 3.

At the close in New York, the dollar stood at DM 2.9595, SwFr 2.4825, Y248.95 and FFf 9.045. Its value against sterling was \$1.301.

Many dealers were predicting further losses over coming days as investors reassessed the outlook.

Mr Malcolm Baldrige, Commerce

Secretary, said that while the U.S. Government was expecting "some rebound" in the rest of the year, "it will be more difficult to reach the target of 4 per cent growth this year," which the Reagan Administration had projected. That "makes it even more imperative to proceed with the budget deficit reduction that the President has proposed," he added.

He pointed out, however, that although real GNP increased by only 1.3 per cent in the first quarter, gross domestic purchases rose at a healthy 4.4 per cent rate. The discrepancy reflected growing imports but suggested that demand was strong enough to keep the economy expanding.

Commenting on the dollar, Mr Baldrige indicated that he would not be unhappy to see the dollar fall by a further 30 per cent over the next two years, something he said would help the competitive position of American industry.

Unexpected weakness in capital expenditure and in government spending also slowed the pace of

Continued on Page 16

Pretoria plans 'interim government' in Namibia

BY ANTHONY ROBINSON IN CAPE TOWN

SOUTH AFRICA is to reintroduce a form of interim government in Namibia (South West Africa), President P. W. Botha told the Pretoria parliament last night.

The move is unlikely to be accepted by Western countries, especially the members of the five-nation contact group on Namibia - the U.S., Britain, France, West Germany and Canada - mandated by the United Nations to bring about a Namibia settlement.

Mr Botha said the interim Government's powers would be limited and all legislation subject to approval by the South African Administrator-General.

Mr Botha said that the arrangements "should be seen as an interim mechanism for the internal administration of the territory pending agreement on an international acceptable independence."

In an effort to forestall expected international criticism of the latest move from the contact group and other supporters of UN Security Resolution 435, President Botha emphasised that "as long as there is a possibility that the present international negotiations hold any real

istic prospect of bringing about the genuine withdrawal of Cuban forces from Angola, the South African Government will not act in a manner irreconcilable with the international settlement plan."

Resolution 435 calls for UN-supervised elections to a constituent assembly followed by elections for an internationally recognised independent government. South Africa has ruled Namibia illegally since 1966, when the UN voted against continuing South African administration of the former German colony it had governed since 1915.

Since 1986 South African troops have been engaged in a guerrilla war in the north of the country against forces of the South West Africa People's Organisation (SWAPO) supported from bases in Angola. The powers of the interim Government will fall far short of those proposed by the six internal parties grouped together in the multi-party conference. The conference does not include Swapo, which refused to participate. Swapo is recognised by the UN as the sole legitimate representative of the Namibian people with a status similar to that enjoyed by the Palestine Liberation Organisation (PLO).

Mr Botha said legislative and executive authorities would be re-instituted in Namibia, which would be empowered to promulgate a Bill of Rights and establish a constitutional court and a constitutional council. The latter would draw up a draft constitution which South Africa would regard as a basis for future discussion or as a proposal which could be submitted to the constituent assembly envisaged in the international settlement plan.

Mr Botha said the South African Government "will retain all those powers vested in it at this stage, including foreign relations and defence. What is more, the Administrator-General who has ruled Namibia directly since the previous interim Government headed by the Democratic Turnhalle Alliance (DTA) was dissolved in January, 1983, will not be removed, as the multi-party conference requested. Instead, he has been given the power of veto over legislation."

Protests erupted after New Zealand rugby tour decision, Page 4

BSC buys U.S. mill stake and plans £50m steel supply deal

BY IAN RODGER IN LONDON

BRITISH STEEL Corporation has taken a minority stake in Tuscaloosa Steel, a £70m (\$97m) green-field steel rolling mill project in Alabama.

The state-owned UK group will also supply £50m a year worth of semi-finished continuously cast slabs for the mill.

That aspect of the project may be controversial both in the U.S. and Europe. The U.S. and the EEC are currently discussing a quota system to reduce imports of semi-finished steel. If quotas were agreed, BSC would have to fight with other European producers for an adequate share of it.

The project has been promoted by Tipples Machinery, a U.S. pro-

ducer of steelmaking equipment, which has been eager to develop a mill that would produce low volumes of plate and sheet at costs competitive with those of large integrated works.

Tipples has a majority interest in the project. The other shareholders are O'Neil, a steel stockholding group in the south-eastern U.S., and Acipco, a U.S. maker of steel pipe. The Alabama location was chosen because it is far from the main steel production areas of the north-east so that there would be significant opportunities to displace imports of plate and sheet now running at between 1m and 1.8m tonnes a year in the region.

BSC has a multi-year contract to

supply slabs for the mill and plans to make them at its Teesside works in north-east England. The initial requirement would be for about 250,000 tonnes a year, less than a tenth of Teesside's current output.

BSC was approached to participate in the project because Tipples was unable to find a source of continuously cast slab in the U.S. Tipples was aware that BSC had attempted to sell slabs to U.S. Steel two years ago in a project that failed.

Tuscaloosa will be based on a single-stand Steckel mill, designed to be more flexible and less costly to operate than multistand hot-rolling mills. It is expected to begin operation late in 1985.

Sweden cancels plan for Y100bn Eurocredit

By Peter Montagnon in London

SWEDEN has withdrawn a planned Y100bn (\$403m), year borrowing in the Eurocredit market after finding no takers for its loan among Tokyo banks.

The decision is a humiliation for Sweden, which rates as one of the most prestigious sovereign borrowers in the Euromarkets, and a serious setback for the newly opened European credit market. Medium-term Euroyen credits have been permitted by the Japanese Ministry of Finance only since April 1.

Evidence that the loan was in difficulties surfaced almost immedi-

The West German Bundesbank has warned of the risks involved in the provision of new financial instruments emerging on international markets. Instruments such as revolving underwriting facilities, note issuance facilities and currency swaps tended to blur the lines between short and long-term financing and loaded the risk on the borrower, the bank said. Page 3

ately after it was mandated to Summit Bank on March 28. Summito met a stone wall of resistance from other banks, which claimed that the interest margin of ¼ point over Euroyen deposit rates was too low and should have been set at ½ point.

Mr Peter Engstrom, head of Sweden's National Debt Office, went to Tokyo this week to try to persuade the banks to change their minds. The failure of his initiative led to yesterday's cancellation announcement.

Bankers in London were yesterday revelling in Sweden's discomfiture after many years of having to yield to the Debt Office's demands for exceptionally tight terms on its foreign borrowing. But there was also a degree of surprise, given Sweden's reputation for approaching innovative borrowing with extreme caution.

The Euroyen market is a new market and has not sorted itself out. We had no reason to believe that these were unrealistic terms," said Mrs Christine Holm, deputy director of the Debt Office in Stockholm.

Mr Holm emphatically denied reports that the Debt Office had threatened never to borrow yen again if the Japanese banks did not accept the terms on offer. Sweden would reconsider yen in the future, but had no immediate plans for any substitute borrowing, she said.

Continued on Page 16

Eurobonds, Page 38

Turner mounts \$2.9bn bid for CBS stake

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

MR TED TURNER, the flamboyant Atlanta-based television entrepreneur, yesterday launched a daring bid for control of CBS, the largest U.S. broadcasting group.

The all-paper bid for a 67 per cent stake, valued by Mr Turner at \$2.9bn, follows months of speculation about the future of CBS. Trading of the broadcasting group's shares was immediately plunged into turmoil as they jumped by \$7 to \$118½ before falling back to \$108½ in early afternoon trading.

Wall Street's reaction reflects the scepticism about an offer - packed full of "junk" paper - which Mr Turner himself admitted might threaten the very existence of his own company, Turner Broadcasting (TBS). Analysts noted that, among other uncertainties, the deal appeared to hinge upon selling off substantial assets in CBS's non-broadcasting activities.

CBS, which has faced a takeover threat from a right-wing pressure group associated with Senator Jesse Helms since the start of this year, said that the unusual number and complexity of Mr Turner's bid made it difficult to comment.

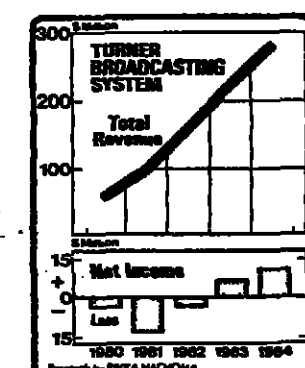
Under the terms of the bid, Turner Broadcasting is offering \$122 principal amount of TBS fixed-income debt securities, \$56.49 principal amount of TBS zero-coupon notes, one share of TBS preferred stock, and 0.75 shares of TBS class B common stock for each outstanding share of CBS common.

TBS shares, which are quoted on the Nasdaq over-the-counter market, were unchanged on the news yesterday at \$24½.

Mr Turner has a reputation as one of the U.S. television industry's most colourful, aggressive and inventive executives. Sometimes known as "the mouth of the South", he has a formidable record of taking on the industry's traditional giants and winning. This move, however, represents by far his most ambitious project.

Turner Broadcasting, in which Mr Turner holds a controlling stake of around 80 per cent, is already highly geared, with \$175m of long-term debt at the end of September last year against \$26.5m in shareholders' equity. The company operates the "superstation" WTBS television station out of Atlanta, runs CNN, a 24-hour-a-day cable news service, and owns the Atlanta Braves baseball team. It has a chequered profits record. After several years of losses, TBS edged into profit in 1983 and reported net earnings of \$10m on revenues of \$282m last year.

Decline at ABC, Page 17



Mr Turner conceded in a filing with the U.S. Securities and Exchange Commission yesterday that his offer was partly dependent for success on participation by other investors "interested in making cash investment" in the combined company, "or to whom certain businesses and properties of CBS may be sold."

He added that there was no assurance that such steps would take place. "If they are not, Turner could experience operating losses and cash-flow deficits which would materially adversely affect its ability to continue operations and to meet the payment requirements" on the securities. Payments on the securities in the proposed combined company would total \$738.7m in 1986 rising to \$2.41bn by 1992.

CBS, one of the three U.S. network television groups, owns radio and TV stations across the nation. It is also a large magazine and book publishing house and in addition makes movies and records, boasting Michael Jackson among recording stars. The two other networks are NBC, owned by RCA and ABC, which last month agreed to a \$3.5bn takeover from Capital Cities Communications. Last year CBS reported sparkling net earnings of \$244.9m sales of \$4.8bn.

The company, which recently on its historic libel suit battle with Gen William Westmoreland, has in the last few weeks put up a number of roadblocks against a takeover attempt. These include staggering board member terms which Mr Turner accepted yesterday might mean that he would be unable to effect a merger "on an expeditious basis" even if he acquires the 67 per cent stake he is seeking.

Mr Turner said yesterday that he intended to file suit against CBS to challenge the legality of the anti-takeover defences.



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EUROPEAN NEWS

Trade improvement gives French Government a lift

BY DAVID HOUSEGO IN PARIS

AN IMPROVEMENT in the trade deficit last month has brought the French Government almost its first encouraging economic news since the beginning of the year.

Up to now, ministerial hopes that last year's momentum towards falling prices and a contracting trade deficit would be carried forward into this year have been disappointed by poor inflation and trade figures—demonstrating that the return to equilibrium is likely to be more protracted than officials had been anticipated.

At the same time, revised figures from the official statistics institute, Insee, have shown that France had only a 1.5 per cent growth in real GNP last year instead of the 2 per cent originally announced.

With an increasingly large number of private forecasters predicting that the French economy will only expand by a further 1.5 per cent this year, as opposed to the 2 per cent the Government anticipates, this means that France faces a third year of real growth significantly below the European average.

The March trade figures issued yesterday show a seasonally adjusted deficit of FF 567m (£48m) compared with the FF 6.5bn (£550m) recorded in February. But the sharp improvement largely reflects exceptional sales of Airbus aircraft which brought in FF 2bn.

Notwithstanding these, the deficit for the first three months stands at FF 10.8bn compared with an objective written into the 1985 budget of a surplus for the year of FF 2bn. In both, among officials and private forecasters, a consensus is

growing that this year's trade deficit will more likely be about FF 25bn—or the same as the new revised figures for last year. Estimates for the current account vary from equilibrium to a FF 10bn deficit.

On the inflation side, the 0.7 per cent increase in the consumer price index in March means that at an annual rate French inflation accelerated for the three-month period to 6.9 per cent from 4.9 per cent for the last quarter of 1984.

In spite of these setbacks to its stabilisation programme and the widening inflation differential with West Germany, the franc has remained stable within the European Monetary System as the dollar has declined. French industrialists nonetheless complain that the franc is over-valued against the D-Mark.

One of the major factors continuing to restrain the size of the trade deficit is France's substantially lower growth rate compared with West Germany. But in political terms, M Laurent Fabius, the Prime Minister, will be under pressure to diminish this as the deadline for the 1986 parliamentary elections approaches.

But reflecting M Fabius's prudence about providing any fresh stimulus for the economy, the Government has announced continued strict guidelines in drawing up the 1986 budget. This has to be put to Parliament by the end of September.

The guidelines provide for a 3 per cent cut in current expenditures (excluding salaries) and an intensive review of industrial aids and subsidies. The Government's aim is to hold the deficit to 3 per cent of GNP in spite of some personal tax cuts.

Deadline for Greek shipyard

By Andriana Ierodiakonou in Athens

THE MANAGEMENT of Hellenic Shipyards, the ailing yard owned by Greek shipping tycoon Stavros Niarchos which suspended operations one week ago because of financial losses and protracted labour unrest, has given the Government until May 14 to decide whether it wants to accept an offer to buy the company for \$14m. If not, the yard, one of Greece's largest industrial employers, faces final closure with the loss of 4,800 jobs.

Rescue talks between Hellenic Shipyards and the Economy Minister have dragged on inconclusively since the beginning of April when the management first gave notice of its intent to suspend operations.

With an early general election expected in Greece at the beginning of June, the Government is caught between Socialist and Communist union pressure to nationalise the yard, and the fact that it is already burdened with more than 30 ailing industries which it has taken over to save jobs.

The impression is that the Government would have been happy to spin out the negotiations until after the election.

The management has reportedly turned down an Economy Ministry request to keep the yard open and bear the operating costs of an estimated \$5m per month while negotiations continue. It says it will keep the yard going if the Government meets the cost.

Two 30,000-tonne product carriers for the Niarchos Group, the last of a series of ten, were unfinished when the yard stopped working. The first was scheduled to be completed in June and the second in December.

Spanish court split revealed over abortion ruling

BY DAVID WHITE IN MADRID

FIVE OF the 12 judges in Spain's Constitutional Court believe that it overstepped its role in a controversial decision last week to overrule a law easing the country's strict ban on abortion.

The division over the respective competence of the wider constitutional issue raised by the abortion row—was revealed with publication of the complete verdict, together with dissenting opinions.

The verdict, sealed by the Court president's casting vote after a six-to-six split, ruled

the reform unconstitutional. 18 months after it had been passed by the Socialist-dominated Parliament.

However, the full text of the sentence appears to be more favourable to the Socialist Government than was initially thought. While stipulating that the constitutional "right to life" does apply to unborn children, it allows for certain exceptions to be made. These exceptions specifically include the three circumstances in which the law sought to remove penalties: rape, danger to the

mother and malformation of the foetus.

The objections set out in the verdict centre on the guarantees that should be incorporated to ensure that these cases are strictly controlled.

The Government has opted to amend its reform, accommodating the Court's recommendations, rather than draw up a new abortion Bill. By taking this line, it has gone against some of its own members and sectors of the Socialist Party who favoured trying to get a more liberal law past the Court.

building in provisions for abortions on social grounds.

Through the amendment procedure, the Government hopes to pass the reform rapidly through both Houses of Parliament again and prevent further hold-ups. However, the right-wing opposition party, Alianza Popular, which also called for a new law, has threatened to challenge the constitutionality of this procedure.

Pressed by Alianza Popular, Sr Felipe Gonzalez, the Prime Minister, emphatically denied that the Socialists had any in-

tention of tampering with the 1978 constitution, the foundation of post-Franco democracy. Nevertheless, more constitutional problems may be looming. Even if the limited abortion reform takes effect without further hitch—which is far from a foregone conclusion—another confrontation is threatened when the Court comes to decide on the Government's 1984 Education Bill, affecting Spain's Roman Catholic private schools. The opposition has appealed against this Bill on six counts.

Christopher Bobinski reports on allegations of anti-clerical attacks

Polish church under threat

The case of a 29-year-old priest in Krakow, Fr. Tadeusz Zaleski, has raised fears that Poland's security forces may not have abandoned the techniques of physical intimidation used against the late Fr. Jerzy Popieluszko, despite the conviction of four of their number for their part in his murder.

SIX MONTHS after the murder by Polish Government security men of Fr. Jerzy Popieluszko, the pro-Solidarity priest, the Government's campaign against radical Polish clerics is still in top gear.

Pressure is mounting on Cardinal Jozef Glemp, the Polish Primate, to cut back on what the authorities call "political activities" in churches. The present cool state of relations threatens to deteriorate into a full-blown conflict.

Crowds even larger than usual are expected to gather today at St Stanislaus church, in Warsaw, where the murdered priest is buried. Also today, by coincidence, the High Court is hearing an appeal by the four security men convicted of Fr. Popieluszko's murder against sentences ranging from 25 to 14 years.

Some had hoped that their trial would and police use of physical intimidation against their opponents, but all the signs are that such methods have by no means been set aside.

In Krakow, a young clerk

now that the local prosecutor has closed the case, announcing that his injuries were self-inflicted during an epileptic attack.

Fr. Zaleski himself says of the desultory official investigations of the incident: "They made me feel as if I was the criminal and not the victim."

The priest, at 29 just two years out of his seminary, claims that on April 6 he was rendered unconscious by gas sprayed in his face. He was then burned on the face, chest and arm.

He had been active in demanding an official investigation into the mysterious death in 1983 of a local Solidarity activist, Mr Tadeusz Fijałkowski, thrown from a passing car. The incident was remarkably similar to one which befell Fr. Popieluszko a week before he was murdered.

The tall, strong, bearded Fr. Jancarz, 38 years old, who worked on the railways before he became a priest, is exactly the kind of cleric the authorities want to be rid of. He is staying calm in the face of the mounting campaign against him and his colleagues, giving no sign that he will tone down his activities.

He is one of 11 priests working the 46,000-strong parish, made up of people who live almost entirely in new concrete high-rise apartment blocks on the edge of Krakow, near the giant steel works.

The church, everyone agrees, is a hive of activity. Each Thursday, Fr. Jancarz presides over a Popieluszko-style "Mass for the faithful" where delegations from factories and offices bring "Solidarity" candles to place in a side chapel where hundreds already stand in remembrance of the banned union.

During the afternoon, waves of children flow in and out of modern schoolrooms where they receive religious instruction. Later a stream of the physically handicapped come in



Fr. Jerzy Popieluszko

their wheelchairs to watch a film about Fr. Popieluszko made and shown on the parish video.

The church has staged several art exhibitions providing competition for the official galleries in the city.

On top of this, groups of workers, students and artists most still committed to Solidarity ideals—meet regularly in groups which aim at deepening religious knowledge and propagating self-reliance as well as mutual aid. "The system teaches people to be passive and expect everything from the state," Fr. Jancarz comments. "We're trying to reverse that."

Members report on colleagues sacked from work—perhaps for putting a cross up on the wall—and, as a group, they discuss how to help.

Most recently, the organisation of twice-monthly four-hour lectures for workers on philosophy, history, politics, economics, and the like by academics has drawn fire in the official press.

Fr. Jancarz denies this is politics. "It's the Church's duty to educate people, to broaden their horizons, teach them to discuss issues, to be able to arrive at their own conclusions as well as reasoned promises. I don't understand what the fuss is all about," he adds. "I'm only doing what is natural."

No EEC finance for Channel crossing

By Ivo Dawney in Strasbourg

CONTRACTORS TENDERING plans for a fixed link across the English Channel were warned yesterday that no EEC funds will be available for the project.

Mr Stanley Clinton Davis, the Transport Commissioner, told the European Parliament that the British and French governments' decision not to allocate public funds to the scheme precluded the Community from helping to finance the link.

The maximum support the European Commission would be able to offer rests with data on traffic forecasts and some cash for research on the latest techniques for bridge and tunnel construction, he said. Loans from the European Investment Bank would be ruled out.

Earlier this month, the British and French governments called on contractors to submit their plans by the end of October, with the promise of a decision by the end of January at the latest.

Both governments agreed, however, that all finance would have to be raised in the private sector, along with guarantees that construction would be completed.

In spite of his warning on summer, Mr Davis offered a broad welcome to the prospect of a Channel link as furthering the unity of the Community.

He added, however, that "the commission is concerned about the possibility of an unplanned development which could lead to a drift of resources from the hard-hit north and elsewhere to the over-populated and relatively prosperous south-east of the UK."

He acknowledged, though, that the project could create jobs in steel-producing areas and other regions not directly adjacent to the Channel. A motion urging France and Britain to press ahead was passed by an overwhelming majority of MEPs.



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EUROPEAN NEWS

Independent nuclear strike force 'still a credible deterrent'

BY DAVID MARSH IN PARIS

NESTLING like a beached whale in dry dock a mile or so across the water from white-washed cottages on the Brittany mainland, Le Foudroyant (Thunderbolt), France's third ballistic missile-carrying nuclear submarine, carries destructive power roughly equivalent to 1,000 times the bomb which wiped out Hiroshima.

The 13-year-old vessel, black, 140 yards long and terrible-looking, is being checked over by an army of mechanics and maintenance men as part of a regular three-week programme before it goes to sea again shortly to resume its 60-day patrols. France regularly lays on tours of its submarine bases for foreign journalists and other visitors. The aim is part of the psychology of deterrence. It is to show that France's costly independent nuclear strike force, of which the submarine component is now by far the most important, represents a credible threat to dissuade aggression - despite the increasing pace of nuclear weapons advances by the U.S. and the Soviet Union.

Vice-Admiral Alain Coste, who has just taken over as overall commander of France's strategic submarine force based at the Ile Longue peninsula near Brest, insists: "The credibility of our force resides in its technology."

France's sixth and latest missile-carrying nuclear submarine (SNLE), L'Inflexible, which has entered into operational service this month, is the first to carry 16 4,500-km range, M4, multiple-warhead missiles. Le Foudroyant carries the same number of older 3,000-km range, single-warhead M20 mis-

siles, each packing a punch of 1 megatonne.

Le Foudroyant, like three of the other four older submarines in the force, is to be equipped with the M4 over the next few years. This is part of a schedule of refits which assures a permanent presence of three submarines at sea - significantly higher than that allowed by Britain's four-boat Polaris force.

Later, in the 1990s, a new generation of 15,000-tonne French submarines is to be built (nearly double the size of the present fleet of 8,000-tonne surface displacement). Very little has so far been revealed about the design - and the cost. Each boat in the present fleet, including missiles and warheads, is estimated to have cost FFr 6bn to FFr 7bn (\$850m to \$750m).

Admiral Coste brushes off risks to the credibility of the submarine force both from futuristic progress in anti-missile defences and also from current advances in anti-submarine warfare.

"We are making constant efforts to cut noise - to gain a few decibels here and there," he says. Despite efforts by both the Russians and the Americans to improve acoustic detection methods - and also to investigate other ways of tracking submarines electro-magnetically or through infra-red - Admiral Coste remains invulnerable "for several decades".

French officers admit that France may be four to five years behind the Americans in developing acoustic-dampening technology - but they claim still to have a lead of several years over the Russians.

France threatens nuclear reply to chemical attack

BY PAUL BETTS IN PARIS

FRANCE DOES NOT rule out the use of nuclear weapons to counter a chemical attack on what it considers its vital interests, M Charles Hernu, the French Defence Minister, suggested on television last night.

He was speaking at the end of a special programme on the risks of a world war presented by the popular French singer and actor, Yves Montand. Last year, M Montand hosted a similar television programme on the world economic crisis.

M. Hernu's remarks appear essentially designed to answer criticism in France about the role of the French force de

frappe, or nuclear deterrent force. In the past 12 months, several defence experts, including a former air force general, have criticised France's decision to give priority in defence policy to strengthening the country's nuclear deterrent at the expense of its conventional arms.

The argument is that the nuclear deterrent only serves to deter a nuclear war. However, these critics believe that the real danger for Western Europe and France comes more from an attack from the Soviet Union using conventional or chemical weapons from a nuclear attack.

EEC arms chiefs to attempt jet accord

By Bridget Bloom in Göttersloh

EUROPEAN governments and aerospace industries will attempt during the next month to resolve differences over their plans to produce jointly a new European fighter aircraft for the 1990s.

A meeting of armaments directors of the five nations involved in the aircraft project takes place in Madrid this morning. It is one of six top level discussions which culminate in a meeting of defence ministers of Britain, France, West Germany, Italy and Spain in Rome on May 16.

Last week, the chief executives of British Aerospace, the French company Dassault-Breguet, and West Germany's Messerschmitt-Bölkow-Blohm met in Bonn, only a week after a meeting between the defence ministers of Britain and France.

At the centre of the discussions are attempts to resolve differences over the nature of the aircraft to be produced, as well as how the project should be managed and work shared between the national industries. More than 600 aircraft and investment of \$10m - \$12m could be involved in what would be the biggest-ever European collaborative venture in defence. The new aircraft principally would replace the present Jaguars and Panthers in service with the five countries.

The armaments directors will today try to reconcile two distinct proposals for the aircraft which have been produced in the feasibility studies conducted by the five industries. France is the odd country out, having produced a "minority" study which Britain argues would produce an under-powered aircraft that might be marketed for export but would not meet the threat in Northern Europe. The British position was endorsed in the second feasibility study by West Germany, Italy and Spain.

However, officials say questions of design leadership and work-sharing have not been formally addressed since ministers agreed in outline last year that, while the five industries would share out production work according to the number of aircraft each country ordered, development costs would be apportioned so that France, the UK and Germany each took 25 per cent with Italy and Spain dividing the remaining quarter.

Bundesbank warning on Euronote financing

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank has issued a sharp warning of the risks involved in the profusion of new financial instruments, including Euronote facilities, emerging on international markets.

In its annual report released today the central bank said the problems arising from innovations like Revolving Underwriting Facilities (RUFs) and Note Issuance Facilities (NIFs) should not be underestimated.

Such instruments, along with other relative novelties like currency swaps, tended to blur the line between short- and long-term financing and loaded big interest risks on the borrower, the Bundesbank said.

It added that banks using the facilities faced the danger that they might have to make good their credit guarantees, just as the moment when the borrower's status was in question and no one else would lend.

The Bundesbank does not go as far as the Bank of England, which earlier this month announced tough new accounting standards to ensure that banks involved in Euronote business have adequate capital cover.

Previously banks had been able to treat commitments arising from such business as "off-balance sheet" items which did not require capital backing.

However, the Bundesbank does stress that precisely because so many financial innovations make their impact "off-balance sheet" it is hard, if not impossible, to gain a proper overview of the market.

Accordingly it proposes that there be a drive to gain more information, along the lines of the official efforts made in recent years to gather details of international bank lending and debt.

The Bundesbank is encouraging further liberalisation of the German capital market, and is ready to tolerate some financial instruments - like variable interest rates and zero coupon bonds - that it previously frowned on.

But its latest comments underline its deep scepticism of the value of many international financial innovations - a view also held by many German commercial banks.

Decision on Superphenix N-plant set for June

BY DAVID MARSH IN PARIS

A DECISION is likely in June on whether to postpone again the entry into service of the controversial FFr 20bn Superphenix fast breeder reactor.

M Boris Saitcevsy, chairman of Nersa, a consortium of European utilities responsible for building the plant in which Electricite de France has a 51 per cent stake, said yesterday that work was going on to adjust flows of liquid sodium in the reactor vessel following the discovery of unexpectedly high vibrations in the cooling system earlier this year.

The vibrations - in pieces of equipment which deflect flows of sodium from one part of the cooling system to another - are of the order of several millimetres every three seconds. But they have been of crucial significance over the past few months in raising further doubts about the future of the world's largest commercial fast breeder project, which has already faced considerable hold-ups for technical and economic reasons.

Fast breeders, which burn a mixture of plutonium and depleted uranium normally discarded by the nuclear industry, allow considerable savings of enriched uranium compared

with thermal nuclear reactors. But their economics have been undermined seriously by the sharp slowdown in world nuclear construction in recent years and by a growing surplus of enriched uranium.

The 1200 MW Superphenix, under construction for more than a decade at Creys-Malville in the Rhone Valley, is scheduled to go critical in August or September and to start producing electricity at the end of the year. Full scale service is envisaged in mid-1986.

M Saitcevsy said it was still not clear whether the schedule would be put back because of the vibrations, but the situation would be clearer by June after further efforts to alter the mechanics of the sodium flow. He stressed that loading of the core would only go ahead if an acceptable solution had been found. The difficulty was more of economics than of safety. Vibration-induced metal fatigue in reactor parts would considerably cut the plant's operating life.

Superphenix is being financed by utilities in France, West Germany, Italy, Belgium, the Netherlands, and to a very small extent, Britain.

EEC earmarks £131m for Ethiopia aid

By Paul Cheeswright in Brussels

THE EEC is assigning Ecu 230m (£131m) to help finance Ethiopia's development over the next five years, Sig Lorenz Natali, the commissioner in charge of development, said yesterday.

This sum is independent of other aid which would go to Ethiopia through regional development programmes in Africa or through emergency schemes to help 8m people afflicted by drought.

Sig Natali announced this development aid within the context of the Third Lome Convention, which is just coming into force. It is a pact linking the EC to developing countries for both trade and development.

During the period of the Second Lome Convention, the EEC provided Ethiopia with Ecu 141m, but of that sum, most was spent on industrial projects. Under the new convention the priority will be agriculture.

Ethiopia this year needs 1.5m tonnes of food, mainly cereals. So far there have been international commitments to cover 1m tonnes, he said, of which the EEC share is 395,000 tonnes and that of the U.S. 400,000 tonnes.

Minister's mediation ends strike by Italian journalists

BY OUR FOREIGN STAFF

THE ITALIAN journalists' union yesterday called off its three-day nationwide strike after Sig Gianni de Michelis, the Labour Minister, offered to help mediate in a contract dispute.

Union leaders and representatives of publishing and broadcasting companies spent the day in meetings with the minister. After the talks, Sig de Michelis said he hoped to resolve the dispute by the end of the month.

The journalists, who are demanding a 24 per cent pay increase over three years, had threatened to deny news coverage to politicians at the official start of the campaign for regional and municipal elections being held on May 12.

Other victims of the dispute would have been the Prince and Princess of Wales who today begin a 17 day tour of Italy which will take them all round the peninsula.

The Italian publishers' federation has said that the journalists' demands would actually cost them 55 per cent more.

Sig de Michelis said that grounds for productive negotiations had been identified after he had talked with both sides in the dispute.

The first day of the strike yesterday blacked out news agencies and

radio and television news bulletins. No newspapers appeared today.

The National Press Federation, representing the journalists, disputes the employers' figures about their claim. But they attach more importance to issues regarding the introduction of new technology.

Italian printers have in principle agreed to let journalists use terminals which connect directly to the typesetting operation. But the journalists say the newspaper owners are planning to exclude them from a role in planning the introduction of the new technology and are not prepared to make adequate provisions for the treatment of stress caused by the new technology.

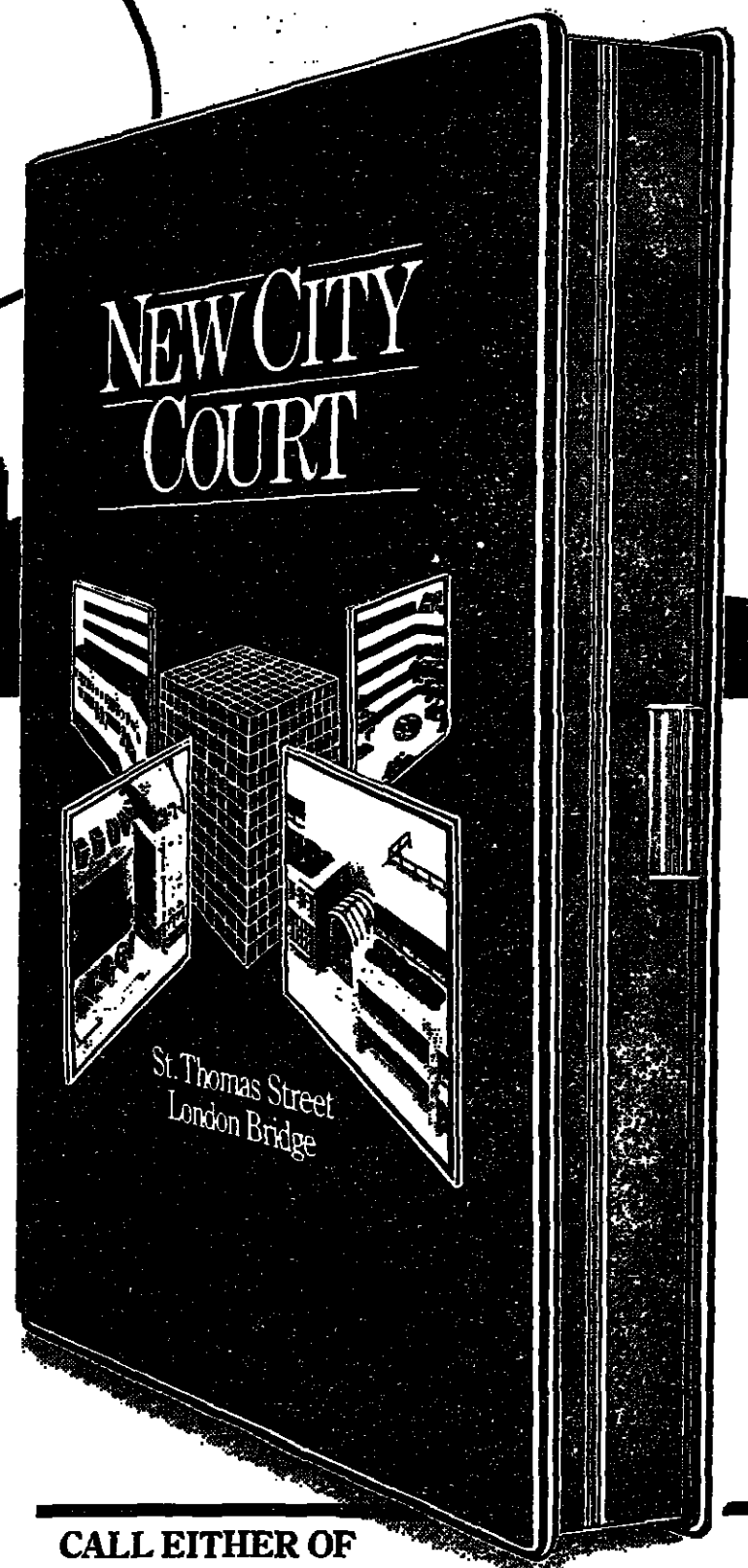
The trial has begun in Milan of 11 present and former employees of Citibank, the New York bank, on charges of violating Italian foreign exchange regulations. They are alleged to have been involved in a systematic attempt to get round currency trading limits in the 1970s, by means of a device known as "parking" under which foreign exchange transactions were arranged at artificial prices.

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OVERSEAS NEWS

Karami visits Syria to discuss Beirut's latest political crisis

BY NORA BOUSTANY IN BEIRUT

MR RASHID KARAMI, who resigned as Prime Minister of Lebanon on Wednesday, went to Damascus yesterday for talks with the Syrian leadership. His decision to quit followed 15 hours of street battles in West Beirut during which the Shia Muslim Amal militia, backed by Druze fighters, overcame resistance from the Sunni Muslim Moutabith militia, supported by Palestinians.

Mr Karami has agreed to stay on as caretaker premier, but the collapse of the Government of National Unity came as a serious blow to Syrian attempts to impose its own settlement on Lebanon's warring factions.

Syrian-sponsored newspapers yesterday laid the blame for the fighting in Beirut at the doorstep of Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, "and his stooges". They did not make detailed charges against Mr Arafat, but hostility in Damascus towards the PLO leader has intensified as a result of his joint peace moves with King Hussein of Jordan.

Pro-Syrian militias and factions dominated by Amal yesterday jointly agreed with the Druze fighters headed by Mr Walid Jumblatt to form a strike force of up to 500 men

to assist in maintaining order in West Beirut and in the southern port city of Sidon.

Both Amal and the Druze also sent emissaries to Damascus, presumably to discuss future tactics. The talks have intensified speculation that Syria wishes to continue exercising its major influence on the ground in Lebanon through intermediaries rather than through the deployment of its own armed forces.

There was further panic in Beirut yesterday during the funerals of some of the 36 people killed during Wednesday's fighting. Residents fled indoors to escape the blast of rocket-propelled grenades and exchanges of small arms fire.

A senior Lebanese official of the American University of Beirut was kidnapped yesterday, as Beirut newspapers carried an appeal from the Rev Jesse Jackson, an US civil rights campaigner, for the release of five abducted Americans, Renter adds from Beirut.

Mr George Sayegh, acting vice-president for administration at the university, was seized by armed men who broke into his house in mainly-Muslim West Beirut shortly after midnight. The university said in a statement.

U.S.-Israeli production of ships and missiles agreed

BY DAVID LENNON IN TEL AVIV

ISRAEL and the U.S. have agreed to jointly develop and produce submarines, missiles and corvette-class patrol boats, Israeli defence officials estimate the deal could be worth more than \$1bn (£787m) over the next decade.

Mr John Lehman, the U.S. Navy Secretary, who announced the agreement late on Wednesday, said that co-ordination on modernising the Israeli navy was needed to combat "the infusion of new weapons" into the region, by the Soviet Union and "other reckless actors in the area."

The Navy Secretary said agreement has been reached with Israel on "a common formula to pursue jointly, the modernisation of submarine, missile boats and other systems

in the future."

He also revealed that the U.S. armed services are interested in acquiring a second squadron of 12 Israeli-made Kfir fighter jets which they use to simulate Soviet aircraft in mock battles. It is not clear if the U.S. will buy or lease these planes.

Israel asked the Pentagon to build three new diesel-powered submarines in the U.S. thus enabling it to pay for them with Soviet aircraft in mock battles. The renewed operations, the broadcast said, followed the failure of the "generals in Khartoum to hand over power to the people."

In an April 9 broadcast, Col Garang issued an ultimatum to the new Government "to immediately transfer power to the people within seven days from today."

Sudanese guerrillas in peace initiative

By Michael Holman in Khartoum

THE SOUTHERN Sudan guerrilla leader, Col John Garang, is due in Khartoum shortly for talks with the country's military leader, Gen Abdul-Rahman Swaraddhab in what is regarded as a major breakthrough in efforts to end the rebellion in the south.

The ruling military council said last night that Col Garang, leader of the Sudan Peoples Liberation Army, was due to arrive in Khartoum from the Ethiopian capital of Addis Ababa within the next 48 hours.

"He will meet with the general maybe Friday or Saturday," said the council. The meeting is the outcome of recent talks in Addis Ababa between Col Garang and a delegation sent by the military council.

In his initial response to the coup which overthrew President Jaafar Nimeiri, Col Garang was highly critical of the new military regime, saying that it was "the same regime without Nimeiri". But a series of conciliatory gestures by the military have apparently paved the way for direct talks.

Col Garang has already been offered a place in the new Government, and earlier this week Gen Swaraddhab said that the military council had repealed the two-year-old division of the south into three administrative regions, seen by southerners as an attempt to divide and rule.

Meanwhile, a rebel group fighting for renewal of southern autonomy said it had resumed military operations against government troops after a week-long ceasefire in the south, AP reports from Nairobi.

In a radio broadcast monitored in the Kenyan capital, the Sudan People's Liberation Army (SPLA) said its forces attacked a government garrison on Wednesday, killing 22 troops and wounding nine.

The broadcast, from Ethiopia which supports the rebels, gave no further details and independent verification of the attack was not possible. The renewed operations, the broadcast said, followed the failure of the "generals in Khartoum to hand over power to the people."

In an April 9 broadcast, Col Garang issued an ultimatum to the new Government "to immediately transfer power to the people within seven days from today."

Protests erupt after NZ rugby tour decision

BY DAI HAYWARD IN WELLINGTON

REACTION to the New Zealand rugby authorities' decision to go ahead with the July tour of the national side to South Africa was immediate and widespread: an arson attack on a rugby club building, a staff strike at the hotel where the country's rugby counsellors are staying for their annual meeting, the provision of immediate police protection for the counsellors, their homes and the premises, and various protest meetings and marches.

Both Prime Minister Mr David Lange and Deputy Prime Minister Mr Geoffrey Palmer have encouraged peaceful public protest against Wednesday's decision by the New Zealand Rugby Union as the only way to persuade it to cancel the tour.

The feeling, however, is that the tour will now only be cancelled if the lives of the national side, the All Blacks, are seen to be in danger. Union chairman Mr Ces Blazey hinted yesterday

that he might reconsider if that were the case.

Meanwhile, the New Zealand police yesterday implemented a big security operation to safeguard the counsellors, rugby clubs and major stadiums. Police leave has been cancelled for the duration of the planned tour.

There were protest marches in all New Zealand's major cities yesterday and scathing criticism of the decision came from most major newspapers as well as from

government and church leaders, teachers' organisations and trades unions.

The Auckland Union has said it stands to lose NZ\$100,000 (£35,996) in sponsorship from companies which had withheld commitments until the tour decision was made.

Four of the seven Australian test cricketers who signed contracts to tour South Africa in November have withdrawn, the tour organiser said yesterday. Reuter reports

Pakistan likely to face \$1bn deficit

By Mohammed Aftab in Islamabad

PAKISTAN'S new civilian Cabinet is likely to face a balance of payments deficit of more than \$1bn (£787m) this year, underscoring the country's deepening problems and the need for economic reform.

The rapid fall in the rupee's foreign exchange value, a significant slowing in workers' remittances from the Middle East and the failure to meet export and import targets are the main causes of the worsening situation.

The country's problems are compounded by its rising foreign debt burden. Pakistan has accrued debts of \$12bn, costing more than \$800m to service in the financial year to June.

Remittances from overseas Pakistanis, who work mainly in the Middle East, have fallen by 14 per cent this year compared with 1983-84.

Exports lagged behind by 14 per cent in the first nine months of 1984-85 compared with the same period the previous year, while imports rose sharply.

The 1984-85 wheat harvest is estimated by the Food and Agriculture Ministry to be around 2m tonnes less than the production target of 13.3m tonnes. That will force the country to import around 1.3m tonnes, "to maintain a comfortable reserve".

A chronic power shortage across most parts of the country has hit the farm belt, already suffering from a six-month long drought.

Mr Mohammad Khan Junejo, the new Prime Minister, has said that the present serious shortage of electricity will receive "top priority of the government". A crash plan to augment hydro-based power production, hit by severe drought and poor management, will be discussed in Cabinet next week.

Security forces regained full control of the city yesterday after three days of rioting that left 10 people dead. Pakistani army forces and riot police continued to mount strong patrols around the city and soldiers manned machine gun posts at strategic points, but the authorities reported no new rioting.

Agencies

Steven B. Butler reports on efforts to reform South Korea's constitution

Seoul opposition pushes for power

THE SOUTH KOREAN Government and the country's political Opposition appear headed for a collision over the issue of constitutional reform. While a full-scale confrontation could still be some way off, positions on both sides have remained firm since the Opposition's strong gains in February's national elections.

The Opposition wants an electoral system, particularly for the presidency, which will allow it a genuine chance to translate its widespread popular support into a share of political power.

The Government appears intent on delay, arguing that political stability requires that the Constitution remain unchanged until after 1988, when President Chun Doo-Hwan's term of office expires. The Government says that a peaceful transfer of presidential power, which would be Korea's first, is more important than any other consideration.

True, the Opposition remains preoccupied with its internal divisions, and the Government, apparently shocked by the election results into greater concern for its public image, is working hard to put its best foot forward. It has lifted political restrictions on major Opposition figures and has allowed news media a freer rein than at any time in recent history. The enabling of the ruling Democratic Justice Party (DJP) speaks repeatedly of the need for a dialogue with the Opposition.

These moves will certainly buy time, but few political observers in Seoul are optimistic that an accommodation will be reached.

Mr Lee Min-Woo, leader of the New Korea Democratic



February's election showed that there is a national consensus for revision of the Constitution, according to Mr Lee Min-Woo, left, leader of the opposition New Korea Democratic Party. This is something on which not a single step of compromise is possible as far as the opposition is concerned, he says.

Party, the main Opposition force, is now calling openly for the President's resignation and the formation of a caretaker Government to elect a new President. "While the demand is not new, its appearance in the local press last month caused a sensation and led to its being formally adopted as party policy."

Mr Lee said that the ruling party responded with bellicosity but then backed away, but only slightly, saying that the Opposition had indicated it accepted the legitimacy of the current system.

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WORLD TRADE NEWS

U.S. invites final bids for battle system

By Bridget Bloom in Gutersloh, W. Germany

BRITISH and French companies are nearing the final stage in their rival bids for a U.S. army telecommunications contract which could be worth nearly \$1bn.

Best and final offers have been invited from the two rival consortia to supply 25 divisions of the U.S. Army with a new battlefield communication system.

At the heart of the bids are the British-Pennamig system, which will be in full operation in the first division of the British Army on the Rhine this month, and France's Rita (Reseau Integre Transmissions Automatique) system, which is now in service with the French and Belgian armies.

The two systems have been intensively tried in the run-up to a probable Pentagon decision in late July.

The most recent demonstration of Pennamig took place in Germany last week witnessed by a 35-member team of Pentagon and Congressional officials led by Mr Jim Abouse, the Army under-secretary.

The U.S. contract is believed the largest single American military deal ever opened to foreign competition. There is no U.S.-produced battlefield communications system directly comparable to the Pennamig or Rita systems.

Both systems claim to offer enormous improvements on current tactical communications, both are fully mobile, and more secure, capable and resistant to damage than their predecessors.

In apparent anticipation of U.S. political and legal obstacles to an order with such a large foreign content, the GTF, Thom-on group is playing down the French content of its bid. It was officially indicated earlier this week that the U.S. content would be 65-70 per cent to be won with and up to 80 per cent eventually.

There are indications that the Rockwell-Pennamig bid will also have a higher U.S. content.

Cable and Wireless aims for Sri Lanka communications deal

BY JOHN ELLIOTT, RECENTLY IN COLOMBO

CABLE and Wireless of the UK is bidding to privatise the outdated telecommunications system of Sri Lanka in partnership with the Government and to manage the country's national and international telecommunications links for the next 20 years.

An offer was submitted by Cable and Wireless in January after the Sri Lankan Government had decided to privatise the system. But inter-ministry problems led to delays and the Government has now put the project out to world-wide tenders.

Cable had hoped that Mrs Margaret Thatcher, British Prime Minister, would push its case when she visited the island last weekend.

But the Department of Trade and Industry in London decided to advise her against doing this, because British Telecom is considering submitting a rival bid. With two companies interested, the Government believes it can back neither concern.

Other bids are expected from Singapore Telecom, Nippon Cable and Bell of Canada. But Cable and Wireless is the only company involved which has experience of running telecommunications systems outside its own country.

Cable and Wireless has offered to invest about £25m-£35m, depending on the existing system's asset valuation. It would take 51 per cent of the equity in a new company.

The remainder would be taken up by the Sri Lankan Government and other interests which would probably include the International Finance Corporation arm of the World Bank.

Cable envisages expanding the number of telephone lines on the island which has a population of 15m, from 80,000 at present to between 300,000 and 400,000 in 10 years. Capital expenditure would total an estimated \$400m.

The capital city of Greater Colombo urgently needs re-cabling and the rest of the system suffers from regular flooding, which is hampered by bureaucracy, and President Junius Jayawardene decided the best cure was privatisation with a foreign collaborator.

Although the President is committed to running up Sri Lanka's economy, there have been few other examples of privatisation. Cable and Wireless has carried out a similar exercise in Macao.

Extra British aid for BL-Honda link unlikely

By Jurek Martin in Tokyo

THE British Government is "rather unlikely" to provide additional financial assistance to BL in order to promote the extensive collaboration between the UK car company and Honda of Japan.

Mr Norman Tebbit, UK Trade Secretary, stressed that the Government would probably need "a few weeks" to assess the impact of Honda's proposals on BL's corporate plan.

The Honda scheme, which Mr Tebbit confirmed was one of "potentially substantial ambition" only recently presented just before Easter when the Government was only beginning to study the BL plan.

"We have to take a further look at the plan in the light of this further collaboration," he added.

Mr Tebbit conferred with Honda's senior management here yesterday and said the Japanese company fully understood the extensive basic communications link.

On other trade matters, there was unofficial confirmation that Cable and Wireless of the UK is seeking a stake in alternative basic communications networks, being set up in competition with Nippon Telephone and Telecommunications (NTT), the former monopoly, so long as foreign capital participation did not exceed the permitted 33 per cent maximum.

The Trade Secretary also thought that the prospects of UK commercial aircraft sales to Japan hinged on changes in what he described as "outdated" regulations.

The Hawker Siddeley BAC-146, he said, was designed for a two-man crew, whereas Japanese rules specified a three-man crew for four-engined aircraft.

Mr Tebbit was concerned that the strength of feeling in the U.S. Congress could lead to protectionist actions against Japan. The UK and the EEC, he maintained, would "strongly oppose" such retaliation, but if it happened in the U.S., "I fear the EEC would be forced into taking similar measures."

Portugal resort comes to life again

BY DIANA SMITH IN LISBON

A SPRAWLING, 2,000-acre resort, once the envy of the rich in Southern Portugal, but virtually shelved during the revolutionary years of the mid-1970s, has come to life once again thanks to renewed confidence shown by foreign investors.

The enterprise is the Quinta do Lago resort, on the Algarve coast. It was launched by Polish-Brazilian businessman, Sr Adre Jordan. Its revival is an object lesson in how one man's determination has overcome the almost insuperable odds prompted by the nationalisation of Portugal's banking sector and the collapse of its tourism industry following the 1974 revolution.

Quinta do Lago today is a busy complex of luxury villas, golf courses, country and beach clubs and low density holiday flats, bungalow and hotel clusters.

An estimated \$120m of construction work is under way at the site, and Sr Jordan has suffered the property's 65m debt into current assets of more than \$30m. Investors and contractors from Britain, Ireland, Belgium, the Netherlands and Saudi Arabia have undertaken development of separate pieces of the complex, and Portuguese banks, once the source of much of Sr Jordan's grief, have re-scheduled the project's debt.

For Sr Jordan, now in his 50s, it was not always so, for he had to virtually lose the property in the revolution and battle for seven years to win it back.

At the time of the revolution, which resulted in the loss of all Portugal's colonies, Sr Jordan had sold 45 individual plots and had sunk \$5m into Quinta do Lago. The funds were borrowed from Portuguese banks that were private until March, 1975.

At that stage a golf course and country club, roads, drains, electricity and water supplies had already been set up on the property. Some 650 plots were set to be sold to private buyers over the next decade. The purchase price was to be an average \$100 per square metre, attractive mostly to wealthy individual buyers.

Sr Jordan felt that the natural beauty of the site should be preserved; he was not interested in the high density overbuilding that was beginning to sprout in the Algarve.

The first turbulent waves ran through the lagoons of Quinta do Lago when a works committee of Portuguese staff set itself up after April, 1974. The committee wanted a say in management. This was the fashion all over Portugal, but it particularly worried tour operators who sensed serious trouble ahead.

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Sr Adre Jordan... Battle against almost insuperable odds

leaving Sr Jordan out; to be supplanted by inexperienced State appointed managers.

From then until his return in 1982, only the golf course stayed in reasonable shape. The rest of the property ran down, and plots were available at \$50 per square metre.

Desperate to get Quinta do Lago back into shape and to convince prospective buyers that the site was viable, he started discreetly sounding out big business with a view to attracting new investors for larger developments than the individual plots.

He found several buyers for

sites of 20 acres or more to be developed as holiday villages or hotel-bungalow complexes, or villa clusters near the golf courses.

Major international investors have now begun to build complexes and to date 150 individual plots have been sold. Negotiations are under way with large German and French groups for investment in another golf course and country club complex and a commercial centre.

Shell, in a novel departure from oil, has joined forces with the Bologna Sofina (Societe Financiere) and Banco Portugues do Atlantico to build a villa and flat cluster of 160 units that will be run by tour operators.

Bovis, the UK construction engineering group, and P & O, the shipping and tourism organisation, are building a lakeside village with 200 cluster units and a health club. Ireland's McInerney Properties are building a country club with 75 luxury units attached, and soon, building will start on a 150-room hotel and 35-bungalow complex owned and operated by the Saudi Prince Khalid-Bin-Fahd-Al-Faisal.

Sr Jordan sees the recovery of Quinta do Lago, and the strong interest of solid international groups in participating in its development as proof that not only his property but the Algarve itself now have an international seal of approval after the shaky 1970s.

World 'will need 9,100 new airliners by year 2005'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European airliner manufacturing group, believes that the world's airlines will need to buy up to 9,100 new airliners over the next 20 years, both to satisfy traffic growth and replace existing ageing fleets.

It estimates the value of that market at about \$510bn (in 1984 prices). Airbus believes that its own share of the market, in all types of aircraft (short-to-medium range, long-range, twin-aisle and single aisle) could amount to 2,600 aircraft, worth \$132bn.

In its pre-Paris Air Show analysis of the world market, Airbus suggests that the biggest single demand will come in the short-to-medium

range 100-180 seater market, with about 4,150 aircraft.

Another 3,650 aircraft will be needed in the bigger twin-aisle 200-600-seater category for short-to-medium range jets; with demand for nearly 1,300 long-range aircraft.

In terms of value, however, the twin-aisle short-to-medium range aircraft market will be worth most, because of the higher price for each of the larger aircraft involved, with a total of some \$265bn.

Of this, Airbus hopes to capture some 32 per cent, worth some \$84bn, with its A-310 and A-300-600 series of airliners, with plans for a larger aircraft, the TA-9, also for this category.

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Dutch ferry order for Japan

BY ANDREW FISHER, SHIPPING CORRESPONDENT

NEDLLOYD, the major Dutch shipping company, has placed a \$50m (£40m) order for a new North Sea ferry with a Japanese yard after a Dutch shipbuilder turned the contract down because of inadequate government subsidy.

The order was to have gone to the Van der Giessen-De Noord yard near Rotterdam as the second of two ships to be built for North Sea Ferries, a partnership of Nedlloyd and Peninsular and Oriental Steamship of the UK. P & O has already ordered its ferry from the Govan yard in Scotland.

Nedlloyd said the order for the ferry had now gone to Nippon Kokan of Japan. The passenger-ship sector is one that Japanese yards are keen to break into, in view of the difficulties suffered by most types of cargo shipping.

Van der Giessen had sought a subsidy for the Nedlloyd order of £1 100m (£23m), but was offered only £1 45m by the government, which wants to cut down on aid to the industry. Other yards have also had subsidies cut.

The yard is currently building a 40m ferry for Zealand Steamship, the Dutch partner of Sealink UK in the cross-Channel market.

Nedlloyd said it had had to move fast to find a new yard for the 31,000 gross ton North Sea vessel, able to carry over 1,200

passengers, as well as freight, on the route between Hull and Rotterdam. The NKK yard was involved in the original bidding for the contract.

Wartsila of Finland said it had won an order from Jahne Line of Norway to build a 24,000-ton car and passenger ferry. This will provide work for around 500 people.

Previous lay-off notices have been withdrawn. The ferry will carry nearly 1,500 passengers, 300 cars, and 70 trailers between Oslo and Kiel.

Daewoo of South Korea is to borrow \$88m for seven years from international banks to finance the construction of 12 ships for the Shipping Corporation of India. Annual interest will be 0.375 per cent over the London Interbank Offered Rate (Libor).

Caricom drive to halt region's trade slide

By Canute James in Kingston

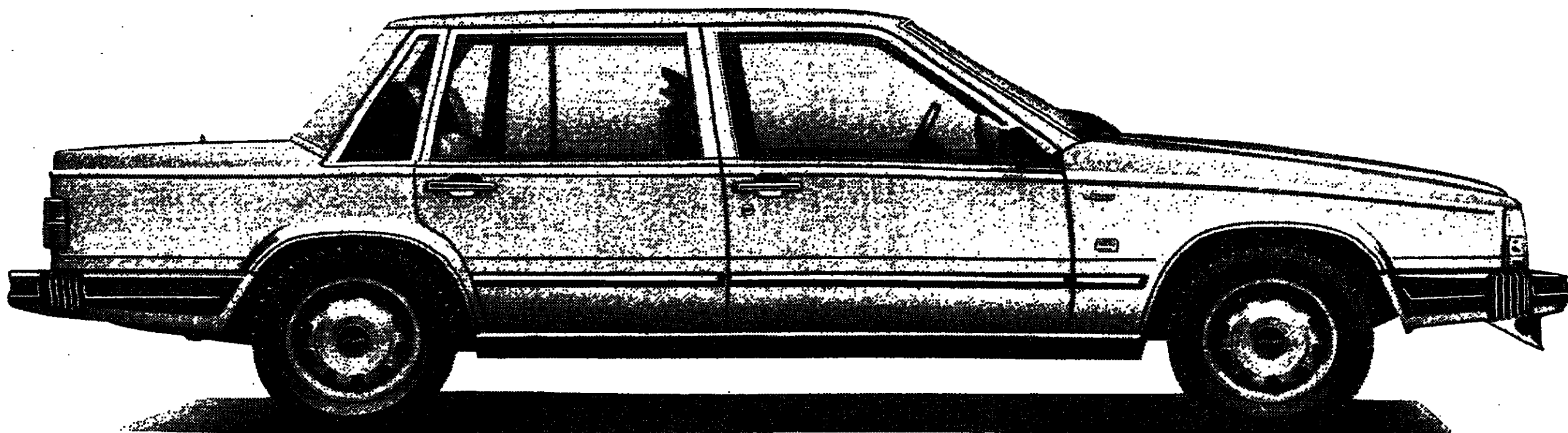
THE CARIBBEAN Economic Community (Caricom) has served on a new target date of June 1 for implementation of measures to halt a slide in the volume of regional trade.

The new arrangements, including common tariffs on a list of "sensitive" goods from outside the region, and a dismantling of protectionist barriers by some members, should have come into force in January.

The value of Caricom commerce fell from \$555m (£504m) in 1982, to \$481m in 1983. The community's Secretariat has indicated that the fall continued last year. Annual interest will be 0.375 per cent over the London Interbank Offered Rate (Libor).

The products the community is attempting to protect include steel, cement and fertilisers.

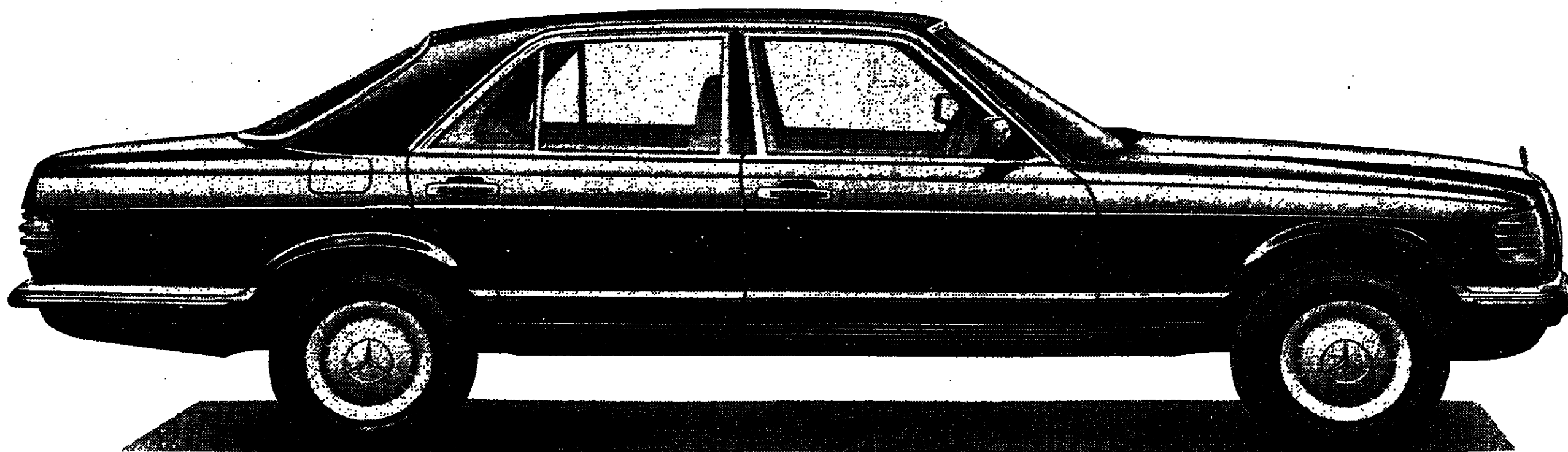
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AMERICAN NEWS

Reagan rubs raw nerves in Europe

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PREPARATIONS for President Ronald Reagan's 10-day trip to Western Europe next month are fast deteriorating into a public relations fiasco, from which Mr Reagan will need all his instinctive political skills to extricate himself.

In a series of mix-ups, misjudgments and sudden schedule changes, the White House has already succeeded in rubbing raw nerves in Bonn, offending President Francois Mitterrand of France and irritating the Spanish Government. Only Portugal, the fourth and final country on the May 1-10 itinerary, seems so far to have been untouched by the confusion.

At home, Mr Reagan's wavering over a proposed visit to a Nazi concentration camp and his decision to lay a wreath at a German war cemetery have bitterly antagonised American Jewish leaders and war veterans. The American media is asking whether he has not finally lost his magic touch as "the great communicator."

While most of the public furor has focused on the German war graves, Mitterrand is understood to be quietly turning over the way in which arrangements were made for Mr Reagan's day trip to Strasbourg to address the European

Parliament on May 8, the 40th anniversary of VE day.

The White House declined an invitation by M. Mitterrand to include a visit to Paris, and then told the French that Mr Reagan could not attend a dinner, even a lunch with M. Mitterrand in Strasbourg. Lunch had already been arranged with the centre-right M. Pierre Pflimlin, the president of the European parliament and a former mayor of Strasbourg, one of M. Mitterrand's long-time political foes.

M. Mitterrand, who had earlier offered to make himself available in any way the White House thought suitable, has angrily washed his hands of the Strasbourg affair. Although he appears not to be annoyed with Mr Reagan personally, he has found the incident particularly galling as he went to great inconvenience to accommodate Mr Reagan's wishes during the 40th anniversary of D-Day ceremonies on the Normandy beaches last June.

The decision that Mr Reagan should deliver a forward-looking unifying address to the Parliament on May 8 is seen in Washington as perhaps the only felicitous touch of the arrangements so far. It meant, however, bringing forward the original dates of Mr Reagan's visit to

Madrid by two days at short notice.

The move, taken without full consultation with Madrid, is understood to have annoyed the Spanish authorities, who had already made plans for the later date.

Meanwhile, Mr Reagan is in trouble over the German section of the visit. This week, Jewish and veterans' groups and 53 U.S. senators—a majority of the chamber—have implored him to drop the visit to the German cemetery at Bitburg, where about 30 SS troops are among those buried.

Mr Reagan, however, who is reported to be deeply upset by the whole affair, does not want to go back on his pledge to West German Chancellor Helmut Kohl first proposed a cemetery visit five months ago, when the idea was to find a cemetery containing both German and American graves. No such graveyard, however, exists in West Germany.

It is now clear that cancellation of the Bitburg ceremony would deeply offend the West Germans, while to go ahead will infuriate American Jews and Veterans.

Most of the blame for the fiasco in Washington is falling squarely on Mr Michael Deaver, the outgoing White House side

in charge of advance preparations.

Rupert Corwall in Bonn writes: The wretched saga of the organisation of President Reagan's state visit here next month has brought fierce and politically damaging domestic criticism upon the shoulders of Chancellor Helmut Kohl.

The two Reagan advisers yesterday completed their hasty trip to West Germany to inspect the possible concentration camp sites, one of which the President has now said he will call at during his stay in the country.

The grisly choice, expected to be announced shortly in Washington, lies essentially between Dachau near Munich and Bergen Belsen near Hannover. More important, however, the embarrassing fashion in which this last minute addition has been forced upon the official programme has placed the Chancellor's judgment and sensitivity in a most unflattering light.

Herr Franz Josef Strauss, the Bavarian leader of the CSU, the allies of Herr Kohl in Government, last night publicly complained that the affair had been "very clumsily handled" by the Bonn side. The opposition Social Democrats have accused the Chancellor of seriously damaging German prestige in the U.S.

Union Carbide increases relief fund

By Paul Taylor in New York

UNION CARBIDE, the U.S. chemicals group at the centre of the controversy over the Bhopal, India toxic gas disaster which killed over 2,000 people, yesterday agreed to a New York judges' decision that it make an immediate \$5m (£2.9m) payment to victims of the tragedy.

Earlier this week, a New York federal judge, beginning hearings on 55 claims totalling about \$100m (£77m) against the company, suggested that "as a matter of fundamental human decency" Union Carbide should make a "substantial" immediate payment "in the range of \$5m to \$10m" towards "systematic emergency relief."

Judge John Keenan told the 90 lawyers assembled for what is expected to be a marathon trial that the payment could be made without "in any manner, shape or form acknowledging liability."

Union Carbide, responding to the suggestion, said yesterday that it is prepared to pay an additional \$5m towards Bhopal disaster relief efforts, noting that the payment would bring the company's total contributions and pledges to more than \$7m.

In a letter to the judge, Mr Rolf Towe, Union Carbide's treasurer, said the company "shares the court's deep concern about the health and welfare of the surviving victims of the Bhopal gas leak tragedy and recognises the importance of immediate interim relief."

Union Carbide results, Page 17



Gen Jorge Videla, centre, first leader of the 1976 coup, flanked by his successor Gen Roberto Viola, left, and Gen Leopoldo Galtieri, right, last of the line

Argentina puts its former leaders in the dock

BY JIMMY BURNS IN BUENOS AIRES

"THIS IS a political trial in which the outcome is already known. The accused will be condemned not because they are the most guilty but because it is a political necessity."

Thus a prominent local lawyer describes the trial, beginning on Monday, of former Presidents Jorge Videla, Roberto Viola and Leopoldo Galtieri, three admirals, and three brigadier generals who formed the military juntas which ruled Argentina from 1976 to 1982.

The trial will be a court martial. The charges are of illegal detention, torture, robbery, murder, breaking and entry, and falsification of public documents. The defendants are facing sentences of 25 years to life.

The trial's political ramifications appear limitless. Prosecution witnesses will include relatives and human rights officers, but evidence will also be provided by such foreign governments as France, Sweden and the U.S., which have been closely involved with Argentine human rights.

The defence, meanwhile, will produce tape recordings exposing the collaboration of politicians, bishops, trade unionists and newspaper editors. It will also point to the activity of Dr Julio Strassera, the main prosecutor, as a judge during the former military regime when, like most of his profession, he refused to investigate cases of alleged disappearances.

If the trial had to do only with procedures, there is little doubt that it would run as speedily as other court martial, and as certain of fair judgment as any other case going before the courts.

However, for the first time in Argentine history, the court martial's six-man jury will comprise not military men but civilians. Those in the dock, moreover, belong to a sector of Argentine society which has enjoyed virtually unassailable status since the 1930 military coup first entrenched the armed forces in politics.

The fact that senior members of the armed forces are being prosecuted on charges previously applied only to civilians hints at the heart of the matter. The upcoming trial will undoubtedly highlight two completely different concepts of Argentine society.

For the upholders of

democracy, the Juntas are responsible for having ordered and approved the repression that led to the "disappearance" of over 8,000 Argentines following the 1976 coup. They say that, in their disregard for life and property, and their conviction that the end justified the means, the Juntas behaved like common criminals or terrorists and thus deserve to be punished accordingly.

The military and civilian right-wing extremists believe the Juntas behaved like true patriots, defending Western, Christian values from the threat of Marxist revolution by veiled anti-Christ posing as terrorists. They insist that it was they, not President Raul Alfonsín, who ensured an eventual return to democratic rule.

These opposing concepts first entered public debate at President Alfonsín's election victory in December 1983. Sr Alfonsín, himself an active human rights campaigner during the military regime, took less than a week to set in motion one of his key electoral pledges by ordering the court martial of the Juntas.

He subsequently endorsed the Sabato Commission's official investigation into the fate of the "desaparecidos," those who vanished, presumed killed, during the Junta's rule.

The President was conscious of the need to curb demands for vengeance and to deal with the military in a way which would not provoke serious unrest. But he miscalculated in believing that the Falklands debacle and his own convincing election victory would nudge the military towards an early public act of contrition.

The divide between those who condemn the Juntas and those convinced that the nation is in the military's debt, has become more acute in recent weeks. On Wednesday, the ruling Radical Party took the unprecedented step of publishing a full-page communiqué in all the national newspapers denouncing an alleged campaign of destabilisation.

Dr Strassera has vehemently denied that he wants to turn the court into a political theatre, but his public outburst against the Juntas has earned him little respect as a professional seeker after objective truth and justice. The defence has similarly expressed its con-

viction that the trials have no real legal basis, charging the Government and its "left-wing allies" for having the case brought at all.

Dr Strassera plans to concentrate on 700 cases—crimes of the 8,000-odd already processed by the Sabato Commission, human rights groups and civilian courts. They represent Argentina both geographically and socially, with victims ranging from journalists to priests, from the Andes to Tierra del Fuego.

Dr Strassera admits he has no specific evidence that the Juntas actually ordered, let alone participated in, torture, looting and murder. But he will argue that the coincidence of the cases presented with decrees ordering the stamping out of "subversion" makes the former military leaders responsible.

The defence will present captured pamphlets and confessions suggesting that politically motivated violence both before and after the coup was promoted as part of a conscious attempt by international terrorism to subvert Western democracies.

Government officials insist that the fact that Monday's trial is taking place shows the extent to which Argentine society has changed. Not only are civilians acting out their atonement, but the military high command is allowing them to do so.

This, however, understates the complexity of the matter. The military chiefs, whom the Government likes to consider politically moderate, appear to have accepted the trial less out of conviction than out of political expediency.

The Juntas have reluctantly accepted that the Juntas are necessary scapegoats if the human rights issue is to be defused. Neither the present chiefs nor the more hardline junior officers seem to be any nearer to accepting that what occurred after 1976 was morally wrong. On the contrary, they expect President Alfonsín to desist from further show trials against an estimated 800 other officers whom human rights groups claim should also bear responsibility.

Monday's trial may yet turn out to be one of the most severe judgments of any society since Nuremberg. It is unlikely to be as conclusive, but it is as politically crucial, none the less.

Contras aid package suffers triple blow

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE Reagan Administration's drive to obtain Congressional support for the counter-revolutionary forces seeking to overthrow the Nicaraguan Government has suffered three reverses. The President is, however, considering whether to make a major televised speech at the weekend which would seek to persuade legislators to vote a \$14m (£10.5m) grant to

the counter-revolutionaries. President Luis Alberto Monge of Costa Rica announced on Wednesday that he was reversing his stand of support for U.S. aid to the counter-revolutionaries. Speaking in San José, President Monge said: "The \$14m should be used for humanitarian purposes and not for military aid."

In Washington the bipartisan

Arms Control and Foreign Policy Caucus of the U.S. Congress yesterday published a report pointing out that 48 of the top 49 positions in the command structure of the FDN, the main Nicaraguan counter-revolutionary forces, were occupied by National Guardsmen of the former Somoza dictatorship.

In third development the

ment denying President THE INCREASING strength of Reagan's claim made on Wednesday that it supported U.S. policy in Central America. It said: "Our position must not be interpreted as a political stand in favour of any party. Mr Reagan had said that Pope John Paul II had been 'an important supporter of all our activities in Central America.'"

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Doubts about World Bank's funding may be removed today

BY STEWART FLEMING IN WASHINGTON

SOME of the doubts surrounding the future role and financing of the World Bank, the Washington institution which plays a key role in providing finance and advice to developing countries, could be resolved today when the Bank and the International Monetary Fund draw to a close.

Until a few months ago it was confidently predicted that this would see firm foundations laid for a major increase in the financial resources of the Bank, a step which, it has been argued, could help to blunt criticism levelled at the industrial countries that they are not doing enough to help to revive Third World growth.

Then, at the end of last year, the Bank's management dropped a bombshell on the representatives of the 148 governments who own the institution.

At a time when deeply indebted developing countries are crying out for money, Mr Tom Clausen, the Bank's president, was forced to confess that the development agency would not meet its lending targets this year and would probably commit \$11bn (£8.65bn) rather than the \$13bn it had forecast earlier.

That revelation provoked an angry debate about the Bank's activities and cast another shadow over the size and the timing of the increase in capital it says it needs.

At a stroke it provided ammunition for those, in particular the U.S., who have been arguing that no wis not the time for a big boost in Bank resources. They can now argue convincingly that if the Bank is not even able to meet its current lending targets it need for more capital cannot be that urgent.

Growth prospects in the industrial countries, and particularly in the U.S., will be critical to the management of the debt of the developing countries during the rest of the decade, the World Bank says in a paper put to the joint International Monetary Fund and World Bank Development Committee yesterday, writes Max Wilkinson.

The Bank believes a minimum growth rate of 3 per cent is needed in the industrialised countries. It stresses the need to increase growth in the developing world by more investment and better export performance and it voices fears that the burden of debt servicing could hinder these prospects.

Among the measures which it suggests could help are an increase in liquidity, more flexible rescheduling agreements and a diversification of debts out of the dollar.

Dismay and anger that the Bank's management could itself have helped to weaken its role for boosting funds it lends to the developing world boiled over at a directors' meeting in February.

Accusations that the management had been "complacent" that it was pursuing policies which had not been approved by the board and that the lending shortfall was due to internal management decisions, not economic problems in borrowing countries were levelled at officials.

It is partly because of this background that the final communiqué of this week's meetings is being anxiously awaited to see whether governments have approved the bank's blueprint for its future role and have

given the go ahead for detailed work on defining its capital needs.

The Bank has made it clear that the conditions in which it will be working in the rest of the 1980s and 1990s are markedly different from those of a decade ago. Above all, the Third World debt crisis and the budget problems of industrial countries mean that development funds will be scarce. To ensure that countries use their resources more efficiently, the bank will be putting heavy emphasis on lending only when it is convinced that money will be used effectively.

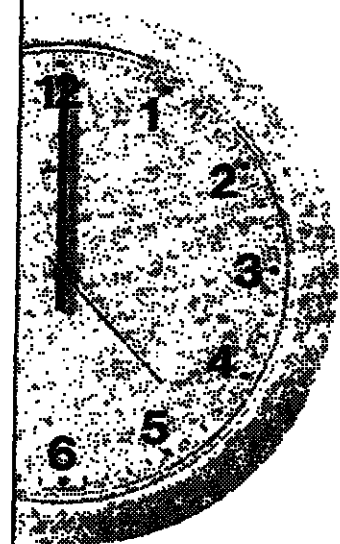
This shift has already made the relationship between the Bank and its borrowers much more complicated, not to say fraught. Many borrowing countries are far from happy with the idea that a group of international civil servants are going to become more involved in monitoring sensitive political decisions.

The Bank has made it clear too that the shift towards stricter monitoring of the economic policies of countries it is lending to will also involve a closer relationship with the International Monetary Fund.

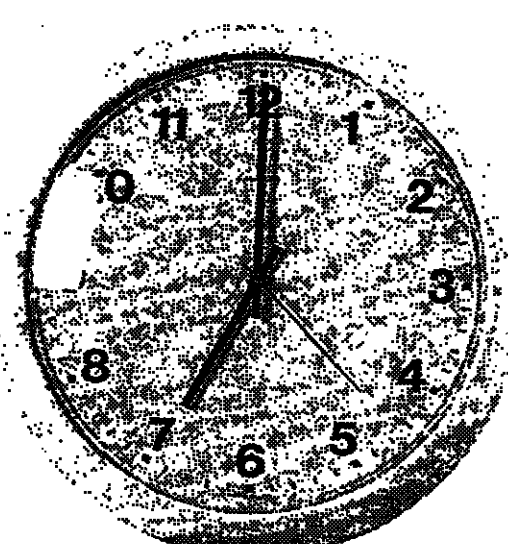
Officials maintain, however, the explicit "cross-conditionality" between the bank and the IMF is not envisaged. They say it is lending to the economies of developing countries that the Bank's and IMF's policies do not clash.

It is not just in its role as a provider of finance, however, that the Bank sees change in the future. It believes that its expertise and its monitoring role can help to reinforce the flow of funds to developing countries from other financing sources and from the private sector.

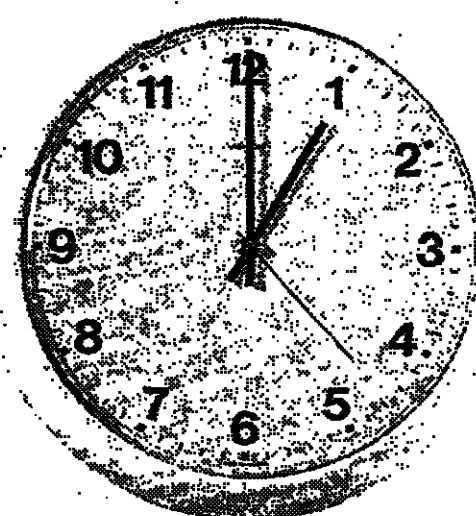
How to be everywhere at once



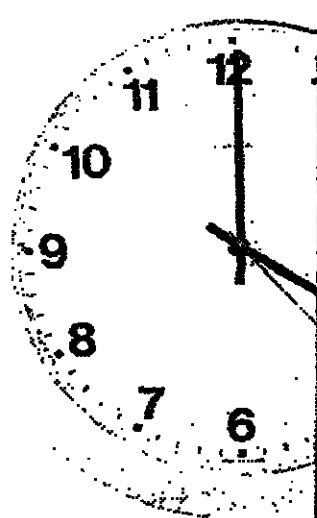
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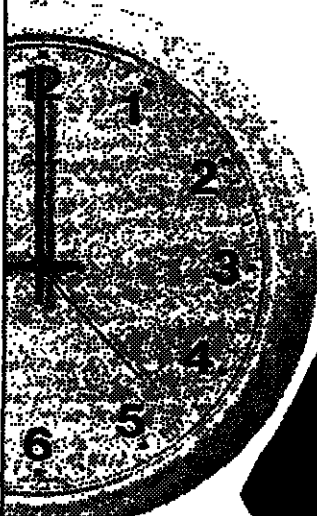
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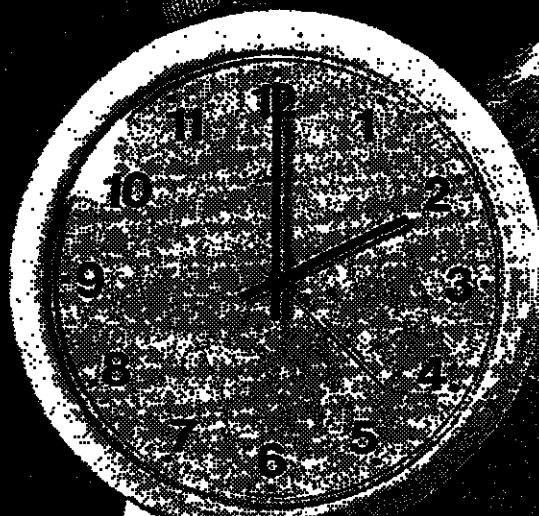
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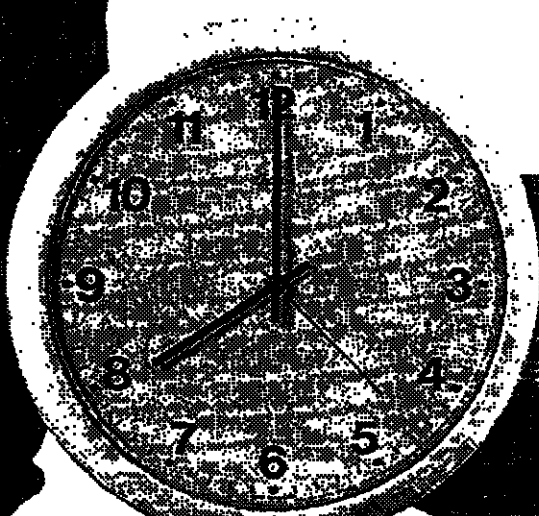
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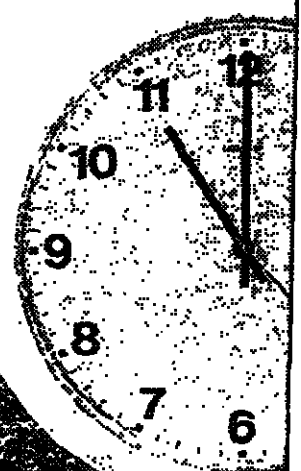
TOKYO



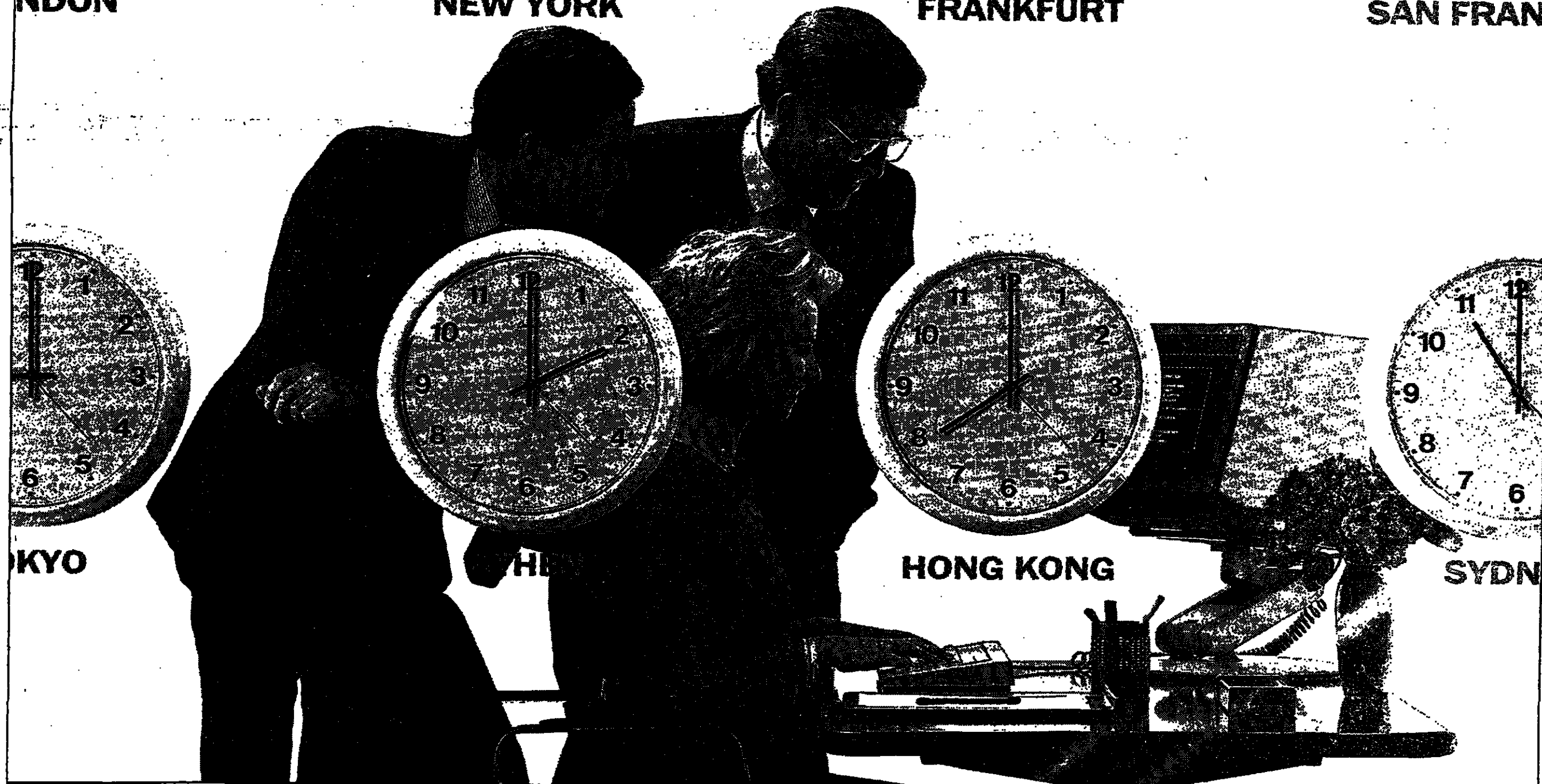
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NIXDORF
COMPUTER

Employment alliance dismissed as irrelevant

BY PETER RIDDELL AND IVOR OWEN

we think the Government will have to pay attention to what we say.

All companies are incorporated in the Republic of South Africa

Reports of the Directors for the quarter ended March 31 1985

Western Holdings Limited

Add:President Brand Gold Mining Company Limited

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

involved many painful changes and extensive job losses, but determination at all levels of the organisation has produced a leaner and fitter company."

Lex Page 16

Moss Evans: taking legal action

**By Philip Bassett, Labour
Commentator**

The loan is to be open-ended and determined by the size of the losses. Since underwriting members have paid £10m in claims the agent hopes that a loan of £10m will be sufficient. The size of the loan facility could depend on whether insurance claims continue to fall on the Syndicate.

The arrangements are being dis-

WESTERN HOLDINGS LIMITED

NOTES

- February 1985.
- The Transocean Group's results appear on another page in this newspaper
- LONDON OFFICES: 40 FLORENCE ROAD, BROMLEY, MIDDLESEX, B8 3PU

PRESIDENT STEYN
President: Steyn Gold Mining Company Limited

[illegible]

This followed a four-hour meeting at the union's London head-

Merrett Syndicates, one of the largest underwriting agents in the Lloyd's insurance market, yester-

complaints, including new ones.
These will be examined within

day revealed that 2,500 underwriting members of Lloyd's face losses of nearly £23m. The losses will have to be met by the members, whose affairs are looked after by the Merrett organisation.

As the ballot-rigging row continued, Mr John Biffen, Leader of the

This took its annual growth rate since the start of the Government's 1984/85 target period to 9.9 per cent, at the top of the 6 to 10 per cent range set by the Treasury. It was above the 5 to 9 per cent range set

for the Trade Union Act 1984 to be amended to shift the onus from

The strong growth of sterling M3, largely due to buoyant demand for bank credit, is one of the key reasons for the Government's caution over allowing interest rates to fall rapidly.

that he had changed branch voting figures on the instruction of regional officials.

The Central Statistical Office said yesterday that its longer lead-

The action would be on behalf of

ing indicator fell to a provisional 103.4 in March (Jan 1980=100) from 104.9 in February and compared with a high of 107.0 in December of last year.

by Mr John Garnett, director of the Industrial Society, because there was an urgent need to clear the

In our report yesterday of a High Court action by five manufacturers of computer software, we reported Mr Thomas Beazley, for the companies, as saying that computer software did not have copyright protection.

Bristol, which led to the disciplining of three officers. It rejected a com-

Mr Beazley's exact words were that, unlike the products of the record and video industries, computer software "does not enjoy the certainty of protection of the law of copyright."

plants in Bristol from two lorry drivers; concern over record turn-outs at the election of more than 70

A bill designed to give protection - the Copyright (Computer Software) Amendment Bill - is due for a third reading in Parliament today.

UK NEWS

Sales of small TVs in Britain soar by 30%

By Jason Crisp

BRITAIN has the world's strongest market for small colour televisions. Sales of small TVs soared by 30 per cent to 1.56m last year while demand for large screen televisions declined, according to the British Radio and Electronic Equipment Manufacturers Association (Brem).

Mr Byron Davies, chairman of Brem's economic and statistics committee, said that last year Britain had the highest per capita demand for small colour TVs of any large country.

Two years ago the UK could boast it had the world's strongest market for video recorders, but it has now become the first to show a decline.

The latest Brem figures confirm the collapse of the VCR market with sales in 1984 of 1.55m units, against a peak of almost 2.2m the previous year.

The strong demand for small TVs - with screens of up to 16in (40.6cm) - reflects the growing number of homes buying second sets.

They are typically bought for the kitchen or bedroom or for children, particularly with home computers or video recorders. Demand has al-

so been boosted by falling prices for small colour TVs.

Sales of large-screen colour TVs fell from 2.1m in 1983 to 1.96m last year. This was because nearly 90 per cent of homes have a colour television and the number of first-time owners has been declining sharply over recent years.

In addition, the replacement market fell for the first time last year which reflects the low sales in the mid 1970s and the increasing reliability of TVs.

There was also a small decline in sales of sets with teletext, the broadcast information service, following the removal of capital allowances for the rental industry. There are, however, nearly 2.5m homes with teletext in Britain, far more than any other country.

The rapid trend from large to small TVs has boosted imports since most British television plants only make the larger models.

But Lord Thorncroft, president of Brem, said yesterday: "It is encouraging to note we exported over 250,000 video recorders worth about £70m and 420,000 colour TVs worth nearly £100m, both records for the industry."

Borrowing overshoot blamed on pit strike

By Philip Stephens

BRITAIN'S public sector borrowing totalled a provisional £10.1bn in the 1984/85 financial year which ended in March, £400m less than the Treasury's forecast in last month's budget, but nearly £3bn higher than its original target.

It was being made clear in Whitehall yesterday that the overshoot was due almost entirely to the miners' strike, which added about £2.75bn to borrowing last year.

Announcement of the figures drew a favourable response in the City of London which had been expecting an outturn of closer to £10.5bn, and it contributed to strong gains for the gilt-edged market.

Officials emphasised that the total is still subject to revision, but was below the budget estimate because of a shortfall in projected spending by central government and lower-than-expected outlays by the National Coal Board after the strike ended.

As a percentage of national output (gross domestic product) the public sector borrowing requirement was 3.1 per cent, down from 3.2 per cent in the previous financial year. For 1985/86 the Treasury has set a target of £7bn or only 2 per cent of GDP.

Code for a square deal in the Square Mile

Martin Dickson examines changes in the City of London's disciplinary framework governing takeovers

IF a marketing man were trying to sell the new City of London takeover code he might describe it in terms more commonly applied to washing powders: cleaner, crisper and offering a square deal both to companies involved in a bid battle and to small shareholders - the pro-

The new code is designed to change that.

First, it brings together in one place all the rules and notes covering a particular issue. Second, the new document - presented between smart blue and gold plastic covers - is in a loose-leaf form, not bound as before, so the inevitable amendments can be slipped easily into the body of the work.

The basic framework governing takeover battles is unaltered, but the panel has used the opportunity given by re-publication to tidy elements of the code which practice showed to be impracticable, inequitable or heavy handed. Major changes include:

● The building up of share stakes in companies. The panel introduced a set of "substantial acquisition of shares" rules in 1980 following concern over "dawn raids," in which brokers for a bidding company would stand in the market and rapidly build up a large stake in the target.

At that time the panel put a brake on the acquisition of more shares after 15 per cent of the target company had been reached. The maximum permitted additional acquisition in any seven-day period was 5 per cent of voting shares.

Under the new code this stipulation is being relaxed, to allow the acquisition of up to 10 per cent in any week - subject to the long-standing maximum stake of 29.9 per cent, after which a full bid is automatically triggered.

Gone too is a rule, introduced at the same time, which prevented a bidder from saying, until after the first closing date of his offer, that that offer was final. This had been widely criticised for preventing what can be one of the most impor-

tant and market-sensitive elements of a takeover, the early knowledge that the bidding company is not prepared to pay more.

Share acquisitions after a bid has been announced. In 1982 the panel introduced a new set of rules, Nos 40 to 42, designed to slow down the speed at which control of a company changed hands. This followed a number of cases in which boards argued that they lost control before they had time to acquaint shareholders with the company's true position.

The panel has comprehensively reviewed rules 40 to 42 following recognition that some of the measures introduced then were rather an over-reaction with market distorting consequences.

It has scrapped a provision that the predator company cannot acquire further shares in the target for seven days after announcing its bid.

The practical effect of this rule was to allow arbitrageurs to build up a stake in the target - often selling the shares on at a handsome profit to the bidder on the eighth day - or to allow a potential rival bidder a week's free run in the market.

It also discouraged companies from making an early announcement of an intention to bid, which allowed a more favourable climate for insider trading.

There are two particularly important changes dealing with conduct during a takeover. They concern "bidding companies" putting the "frighteners" on investors in target companies and stampeding them - particularly small investors - into accepting an offer.

First the panel has banned "shut offs" - the opportunity for a bidding company to close its main or alternative offers earlier than the normal timetable would allow.

The rules state that "after an offer has become or is declared unconditional as to acceptances, the offer must remain open for acceptances for not less than 14 days after the date on which it would otherwise have expired."

Shut-offs are still, however, allowed in one case - when the value of a cash alternative underwritten by a third party - such as a merchant bank - is more than half the maximum value of the offer.

This concession remains because the panel found that its elimination was likely to mean a substantial reduction in underwriters' ability to take on cash alternatives.

A second important change in conduct covers a bidder's ability to extend or increase an offer, or re-introduce alternative offers.

Until now a bidding company has been able to say that its offer is final or will not be extended, but then change this under various circumstances, including getting the recommendation of the target company's board for a higher offer.

The panel has ruled that "neither extensions nor revisions will be permitted unless the right to set them aside has been specifically and prominently reserved in the original (offer) document; permission will not be granted simply on the grounds of a recommendation by the offeree board."

The new code also insists that when companies make forecasts of their performance during a bid battle they include estimates of taxation, extraordinary items and minority interests where these are expected to be significant. Under the old code there was only an exhortation to do this.

Another new rule covers cases where companies bidding in paper

buy their own shares, thus pumping up the price and the value of their offer for the target, and then go into the market to pick up shares in the target company.

The new rule imposes a 24-hour freeze on the bidder, saying that it cannot purchase shares in the target until 9.30am on the business day following the day on which the purchase of its own shares is disclosed.

There are also expanded rules covering the sale by a bidder of shares in the target company.

A bidder may not sell any securities in the target company without the prior consent of the panel and after 24 hours public notice. Sales below the value of the offer will not be permitted, and after a bidder announces that it might sell shares it cannot make further purchases or raise its offer - except in exceptional circumstances.

This rule is an explicit statement of the policy the panel followed earlier this year when Dee Corporation - whose bid for Booker McConnell closes today - wanted to reserve the right to sell Booker shares.

● The scrapping of Rule 37. This rule, included when the code was first formulated, laid down that "a person with a significant commercial interest in the outcome of an offer should not, without the consent of the panel, deal in the shares of an offeror or the offeree company during an offer period."

Although sweeping in theoretical scope, this rule presented the panel with severe practical problems because of the difficulty of defining what was a commercial interest in a bid's outcome.

As a result it was interpreted very narrowly, for example covering cases where a third party had a significant trading arrangement with a company facing a bid. Given this discrepancy between theory and practice, the panel has decided to abandon the rule, with control of such dealings now subject to the normal restrictions applying to anyone under the code.

Welkom Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT - 1985

The following are the unaudited income statement of the company for the six months ended March 31 1985 and abridged balance sheet at that date:

Income Statement	Six months ended ended 31.03.85	Six months ended ended 31.03.84	Year ended ended 30.09.84
Income from listed investment	28 378	17 095	38 635
Sundry expenditure-net	162	140	184
Profit before taxation	28 216	16 955	38 451
Taxation	94	7	24
Profit after taxation	28 202	16 948	38 427
Dividend-interim	28 141	16 832	16 832
Dividend-final	28 141	16 832	38 398
Increase in retained profit	61	116	79
Retained profit brought forward	142	113	113
Retained profit	203	229	142
Earnings per share-cents	107.2	64.4	146.1
Dividends per share-cents	107.0	64.0	146.0
Balance Sheet	31.03.85	31.03.84	30.09.84
Capital	8000	8000	8000
Share premium	13 150	13 150	13 150
Non-distributable reserve	8 069	153 741	8 069
Distributable reserves	11 122	11 148	11 061
	65 034	210 732	64 973
Represented by:			
Listed investment	44 830	210 502	44 830
Current assets	20 203	18 071	21 882
Current liabilities	38 289	17 841	21 739
Net current assets	204	230	143
Net current assets	65 034	210 732	64 973
Number of shares in issue	26 300 000	26 300 000	26 300 000
Net asset value per share (after providing for dividend), adjusted for market value of listed investments-cents	1 743	1 691	1 691

The final dividend (No. 55) of 82 (1983/84) cents per share in respect of the year ended September 30 1984 was declared on October 18 1984 payable to members registered on November 9 1984 and was paid on December 14 1984.

Subsidiary Company
The company's wholly-owned subsidiary, Free State Seaplas Gold Mining Company Limited, is in voluntary liquidation and a first and final liquidation and distribution account was open for inspection for the period of 14 days until March 29 1985. Confirmation of the account by the Master of the Supreme Court is awaited.

Listed Investment
The company's listed investment is 6 838 000 shares in Western Holdings Limited.
At 31.03.85 At 31.03.84 At 30.09.84
R000 R000 R000
Market value 458 146 444 470 444 470
Book value 64 830 210 502 64 830
Appreciation 393 316 233 968 379 640

For and on behalf of the board
G. S. Young | Directors
E. P. Gush

DECLARATION OF INTERIM DIVIDEND NO. 54

On April 18 1985 dividend No. 54 of 82 cents per share, being the interim dividend in respect of the year ending September 30 1985 was declared in South African currency, payable on June 14 1985 to members registered in the books of the company at the close of business on May 10 1985.

The transfer registers and registers of members will be closed from May 11 to May 24 1985, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 13 1985. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on May 13 1985, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 10 1985.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board
Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051)
Marshalltown 2107

Head Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587)
Marshalltown 2107

London Office
40 Holborn Viaduct
London EC1P 1AJ

Hill Samuel Registrars Limited
6 Greenock Place
London SW1P 1PL
Johannesburg
April 19 1985

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That's the person who takes information which is already typed or in document form and retypes it at the machine keyboard in order to enter it into the computer.

You are paying the typist to do the same thing twice.

You are paying the typist to do the same thing twice.

Which means that essential information in filing cabinets is costing you a fortune in time and money to transfer to tape or disc. The question is, "Can anything be done to halt this waste?"

Which means that essential information in filing cabinets is costing you a fortune in time and money to transfer to tape or disc. The question is, "Can anything be done to halt this waste?"

OBERON ENDS RETYPING HERE

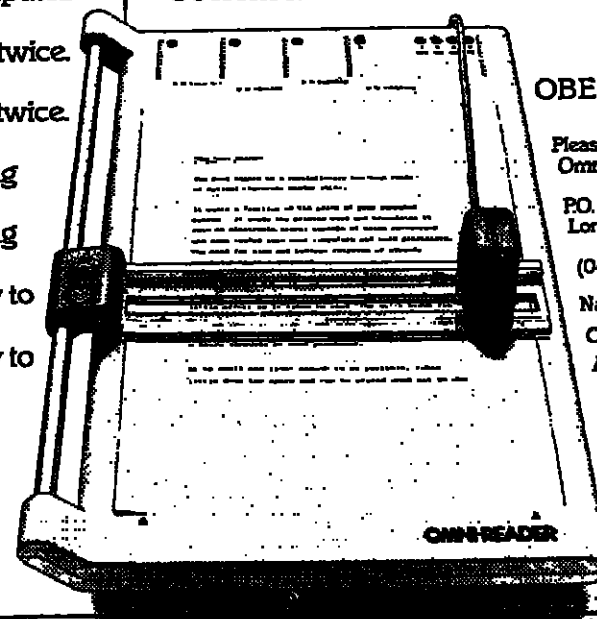
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GENERAL NOTE

1. **DEVELOPMENT**
Development values represent actual results of sampling, not allowances having been made for adjustments necessary in estimating ore reserves.

2. **TAXATION**
On March 18 1985, the Minister of Finance announced an increase in the surcharge on mining taxation from 20 per cent to 25 per cent. The above results include, where applicable, the taxation adjustments as described separately for each company.

The Orange Free State Group's results appear on another page in this newspaper

LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1AJ

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Industrial organisation

'Quality' in working life grows slowly

BY BRIAN GROOM

THE PATTERN of industrial work for the 20th century was initially set by Frederick W. Taylor, the American engineer who just before the 1914-18 war founded the "scientific" school of management. Jobs were broken down into simple repetitive tasks, determined by managers, requiring people to work like machines with little say over how their job was done.

For decades the technical and economic efficiency of this system went largely unchallenged. But over the past 30 years, a countervailing theory has grown, which holds that improving the job satisfaction and commitment of workers is a better route to efficiency in a quality-conscious age.

The theory is still growing—rapidly in the U.S., probably far from dominant. Yves Delamotte and Shin-ichi Takezawa, in a recent study for the International Labour Office, said new forms of work organisation were found in all industrialised and some developing countries, but they covered "a very small proportion of industrial workers except perhaps in Sweden."

This quality of working life (QWL) movement developed common features, such as job rotation, by which workers alternate between tasks to avoid boredom, job enlargement, in which new tasks like maintenance are incorporated into existing jobs; job enrichment, which gives workers responsibility for things like planning, work assignment and quality control; and semi-autonomous work groups, which share responsibilities.

Later the emphasis has shifted from specific prescriptions to encouraging a continuous process of change, according to the Work Research Unit at Britain's Department of Employment. There is more concentration on changes in attitudes at supervisory and managerial level, and on involving workers in decisions about the various ways their work can be organised.

The most important developments in QWL were probably at London's Tavistock Institute for Human Relations in the 1950s, when work in the English coal mines suggested new organisational possibilities, such as group working. While this had little immediate practical influence in the UK, it was taken up enthusiastically in Norway and by the late 1960s was attracting interest in most countries.

Experimenters have included General Foods, General Electric, and Procter and Gamble in the U.S., ICI in the UK, Renault in France, Fiat and Olivetti in Italy, Volvo and Saab-Scania in Sweden, and Mitsubishi, Fuji and Honda in Japan.



Individual "carriers" form Volvo's production line

Social protests against boring assembly work gave the QWL movement some impetus in the late 1960s, along with the high labour turnover and absenteeism which some countries like Sweden were seeing with full employment. The protests faded in the 1970s, but interest among European employers' organisations remained.

The idea resurfaced in the U.S. but came back with a bang later in the decade in response to Japanese competition. Japan's standards of employee involvement, particularly its quality circles—based originally on U.S. and British research—were seen as part of its success.

Richard Walton, Professor of Business Administration at the Harvard Business School, writes in the March-April issue of Harvard Business Review: "In 1970 only a few plants in the U.S. were systematically revising their approach to the workforce. By 1975 hundreds of plants were involved. Today I estimate that at least a thousand plants are in the process of making a comprehensive change and that many times that number are somewhere in the transitional stage."

Japan remains an enigma. Recently, a team of senior production managers from Britain visiting the country was baffled by the fast working tempo and short, repetitive tasks, but there are offsetting factors—quality circles, job security for the long-term employees of big companies, group working, multi-skilling and job enlargement and rotation, and the philosophy which regards core workers as "company members" rather than employees.

Some companies remain wary. The issue forms part of a continuing management debate about whether people hate work and need to be forced or bribed to do it, or whether given the right encouragement they find it natural.

Managers who adhere to the latter view don't always practise it. One survey among U.S. business managers found that 75 per cent considered themselves participative, but only 28 per cent of their subordinates shared that view.

Unions fear companies will use new technology to de-skill workers rather than improve their job satisfaction. Says Roy Grantham, general secretary of the British white-collar union Apex: "Systems analysts at IBM analysed secretarial work when word processors were introduced. They split the work into three jobs, personal assistants, WP operators and filing-cum-tea staff. The last job was so boring that staff would not do it well. It had to be re-integrated into the WP operators' work."

"Quality of Working Life in International Perspective," ILO Publications CH-1211, Geneva 22, Switzerland.

The Volvo experiment ten years on

VOLVO'S Kalmar works in south-east Sweden has been a flagship for the quality of working life movement since it opened in 1974. For the first time since Henry Ford devised the classical production line, a car plant was designed without a moving line for final assembly.

Separate, battery-powered carriers which can be moved independently allowed assembly to be done on stationary bodies. New forms of organisation, built around group working, job rotation and devolved responsibilities, were aimed at improving job satisfaction and commitment.

Enthusiasts beat a path to this and other Swedish Meccas. But more recently Press articles and rumour have built a largely unfair impression of Volvo's initiatives as a flop. One observer calls this "the Volvo canard—a dead duck that's very much alive and kicking."

"There are so many myths," says Berth Jonsson, the company's vice-president for organisational development. "Industrialists who say it doesn't work know very little about it. They don't want to work, because if they face a demand for change themselves they won't know how to handle it."

jobs felt by workers across the industrial world, but its employees like teamwork and there have been some notable successes—such as a quality drive which gave greater responsibility to the work teams, and the decentralisation of some financial autonomy to small "profit centres" within the factory.

The company is so confident that it has chosen the right path that it has introduced similar, and in some cases more advanced, forms of work organisation or production technology at other Volvo factories such as Skövde (engines), Glevstam (press shop), Umeå (truck cabs), Tuve (trucks), Vara (marine engines), and the body shop at the main Torslanda car plant.

Volvo's ideas were developed in the 1960s against a background of high absenteeism, personnel turnover and recruitment difficulties in the motor industry, along with public resentment against the traditional assembly system of short, sharply separated tasks done at a single work station.

Individual

Tentative experiments with new organisational forms were made at Torslanda, but it was the opening of Kalmar, which marked the real departure.

Assembly workers are organised into 30 teams of 15-20 members, with their own tasks such as assembling the heating or electrical systems, and their own section of the building. At its simplest, workers do individual tasks like those in a conventional plant. The more ambitious teams have two workers following a car along several work stations, doing assembly tasks totalling 25-30 minutes compared with the average three-minute cycle in a conventional plant, swapping sides with each other and at some point switching jobs with others doing pre-assembly work on components.

Does it work? An external management-union team which studied its first 10 years recently concluded that Kalmar was successful technologically, socially and financially. Its detailed report paints a more complex picture. There had been setbacks as well as successes.

ideas have not worked out. For instance, it began with two basic patterns: straight line assembly, in which workers follow a car along four or five work stations; and dock assembly, in which a car was guided into an assembly bay while the team carried out all its tasks.

The latter one was abandoned, partly because it disturbed the production flow when teams failed to complete their work on time. Workers also felt uncertain about where they were in the work cycle, and how much time remained for the allotted tasks.

Serious problems occurred in 1979 when 120 new employees were recruited because of an upturn in production. The atmosphere changed to such an extent that older workers began to dislike their work, newly hired ones were slow to learn, and absenteeism and labour turnover rose.

Volvo dealt with it by interviewing absentees, establishing a reserve pool of workers to cover gaps, and introducing "godfathers"—older workers assigned to help new comers—during their first few weeks.

Labour turnover was cut from nearly 25 per cent in 1979 to 5 per cent in 1983, but much of the improvement may have been caused by changing economic conditions. Absenteeism remains high by international standards at 23-24 per cent, though sickness is only about 10 per cent of this, and the rest accounted for by training, military service and Sweden's generous provisions for 2 weeks like parental leave.

A workforce survey found that though assembly workers favoured teamwork and job rotation, they still felt that assembly work gives too little room for initiative and personal growth, and that opportunities to train for other jobs were meagre. Office staff also wanted more training, especially in data processing.

The good things appear to have outweighed the bad, however. Though Kalmar was more expensive to build than conventional plants, uses more electricity, and takes longer to train new workers, there are offsetting benefits such as fewer supervisors and ease of altering production arrangements.

By 1981 it had offset the extra investment cost and exceeded productivity targets by 20 per cent. It has the lowest car assembly costs of all Volvo's plants, with man-hours per car 25 per cent below the 30-year-old Torslanda.

Among the successes has been the provision of business information to employees, linked with decentralisation of some financial autonomy to "profit centres" comprising two or three work teams in each foreman's area. These have financial targets and goals for quality, production volume, materials, and personnel matters like training.

An aggressive attack on quality problems, begun in 1977, has born fruit. Its elements include better checking of suppliers' materials, a revolution of quality and adjustment responsibilities to the work teams, and a result-based plant pay bonus in which quality forms a large element.

Volvo is committed to its chosen path. Plants and workers are at different stages of development in a three-step process: extending work cycles, adding tasks like material handling/inspection, quality inspection, rectification, retooling and maintenance, and finally taking responsibility for things like production planning and technical development of the equipment. Some teams elect and rotate their leaders, and at some plants, like Vara, the teams take part in selection of recruits.

The company believes its initiatives have helped achieve productivity improvements of 6 to 7 per cent, and sometimes higher, in recent years. Since 1979 it has aimed at bettering West German companies' productivity growth by 2 per cent a year.

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Manpower Jonsson claims Volvo has been achieving that and closing a productivity gap with Mercedes, one of its main competitors. But he concedes that it still lags behind the Japanese in manpower efficiency.

Alden Lank of Geneva's International Management Institute, who recently surveyed Volvo's plants, said there were false starts, errors, failures, and, periodically, brilliant breakthroughs. "The good news is that the will continues to exist to persevere, because there is a broadly shared conviction that the company's competitive survival is at stake."

TECHNOLOGY

Lloyd's insurance market plugs into computer age

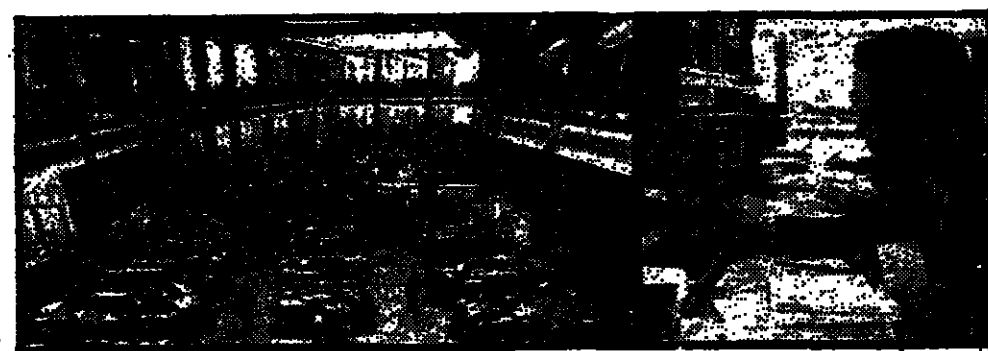
BY ALASTAIR GUILD

THE LONDON insurance market is in the throes of a revolution, a computer-driven one. Lloyd's, the Institute of London Underwriters (ILU) and the Policy Signing and Accounting Office (PSAC) are well advanced in negotiations about how electronic data transfer can best be achieved and how each system can be linked to provide a total network.

Insurance contracts at Lloyd's are negotiated by brokers and underwriters face to face on the floor of the Room. There are about 1m insurance transactions on 300,000 policies each year, resulting in more than 14m accounting entries. A central accounting computer system, based in Chatham, handles the premium and claims accounting. However, the system still relies on the broker submitting the documentation to the Lloyd's Policy Signing Office. This

normally occurs when he is in a position to pay the premium. This can be anything between two and 12 months after the event, during which time the LPSO and underwriters have no idea of the status of the risk and, in particular, the timing and amount of the premium payment and their ultimate risk exposure.

Brokers and others at Lloyd's have made large investments in computer technology. The number of syndicates, for example, with desk top terminals has increased from ten to 100 in less than a year. However, since none of these computer systems talks to another, the only way to transfer information is by paper. The resultant waste and duplication of effort in document production and distribution is something Lloyd's cannot ignore as markets in other countries are increasingly competitive.



The Room at Lloyd's and (right) a broker with his finger on the button

So Lloyd's brokers want a network so that their computers can communicate directly with their markets—the ILU, PSAC and Lloyd's. Lloyd's intends to connect to the broker network and create its own network to connect the LPSO with

underwriters' box and office systems, and other corporation departments. As far as possible, existing investment in computer technology made by individual community members will be preserved.

The first phase of the Lloyd's

network will be in place by autumn 1988, while Lloyd's moves into its new City offices in spring next year.

The main objective of the future systems approach is to establish and maintain "risk histories" for every slip placed

wholly or partially in the Lloyd's market. At present bulk data capture is undertaken by the Corporation at the time of accounting, but in future it is proposed to initiate the slip history at the time of placing, by electronic transfer of slip details from brokers' systems to a common store.

Data held in common store would be made available to underwriters to provide a direct input to their own computer systems. It is expected also that underwriters will want to link in with some of Lloyd's 500 agents around the world. Eventually the network could link in with various American loss adjusters—such as Toplis and Harding, bought last year by Lloyd's—to speed up settlement of claims in the U.S.

The ILU has already started on the revamp of its network, designed to link member companies, 106 insurance com-

EDITED BY ALAN CANE

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The Market Leader

The pros and cons of robots

INDUSTRIALISTS grappling with the pros and cons of using robots for assembly should find a new book from Tony Owen useful.

Owen runs an automation consultancy in Milton Keynes and is a lecturer in manufacturing systems at the Open University.

At a recent London conference Owen posed a question that many ivory-towered researchers in this area have studiously avoided, publicly, as any rate: "Why should we bother with the hassle and cost of automating an assembly task when we have a large pool (3m plus) of potential manual assemblers who could be employed to perform these tasks?"

The answer, boiled down—but elaborated in the book—is that the robots are already working at it, and it goes on they will get even better.

Assembly with Robots by Tony Owen. Published by Kogan Page. £14.95.

News from space GEC-MICHAEL, communications equipment specialist of Slough, has developed two movable ground terminals for use with geostationary communications satellites.

One, called Newhawk, will send news pictures and sound from ground to satellite, using the 14.5 to 14.6GHz band. It uses a 1.4 x 1.1 metre elliptical dish and can be stored in three packages, none more than a metre high. Newhawk is powered by a small portable generator and can be installed on a small truck.

French connection in the blood business

BY DAVID MARSH IN PARIS

INSTITUT MERIEUX, the French medical group 50.2 per cent-owned by chemicals company Rhone-Poulenc, starts off a key part of its production processes in the maternity ward. About 15 tonnes a day of human placenta from 5,000 hospitals in 30 countries are processed into valuable disease-fighting blood derivatives in a fractionating centre at the sprawling Merieux plant at Marcy-l'Etoile, on the outskirts of Lyons.

With an input estimated for this year at 3,300 tonnes of placenta from 5.5m births, Merieux's blood derivatives business is easily the world's biggest user of after-births. The institute was set up in 1897 by Marcel Merieux, a former pupil of Louis Pasteur (and the grandfather of the group's present chairman, Alain Merieux). The company recognised as early as 1955 that protein-rich placental blood was the ideal raw material for producing albumin, gamma-globulin and other medically useful derivatives.

Blood derivatives along with Merieux's best-known product line, human vaccines, make up about half the group's turnover of nearly FFr 2bn, with the rest representing its veterinary medicine activities.

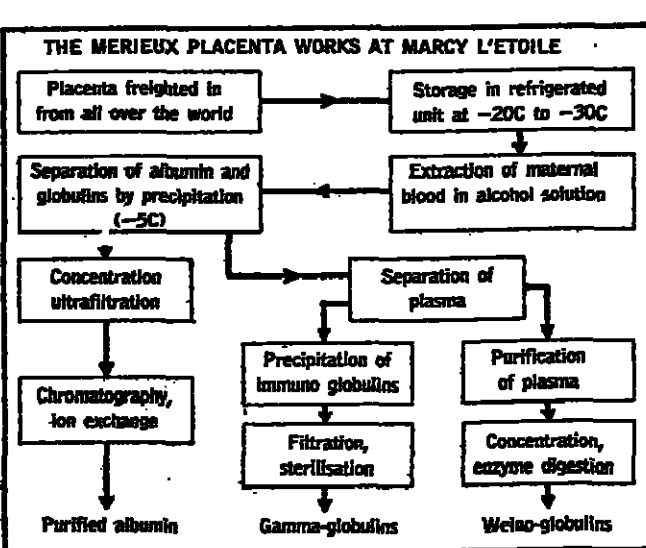
The company is a little coy

about saying how much it pays for the frozen placenta transported internationally to its refrigerated laboratories, where the blood is stored at between -20C and -30C.

The main source of placenta which Merieux says would otherwise be thrown away—is the U.S., with about 400 tonnes (670,000 births) expected to reach the fractionating centre this year. France is in second place with 350 tonnes followed by the UK with 300 tonnes, the Soviet Union and West Germany.

The production line breaks down the placental blood through a complex series of steps including precipitation, centrifuge filtration, absorption and ion-exchange chromatography. This is followed by purification and detailed controls.

The main annual product is 15 tonnes of albumin, which is used particularly for treating shock cases, making up protein insufficiency and in combating oedema (when serous fluids build up in tissue). The albumin product is exported to more than 100 countries.



gamma-globulins—one of the other main constituents of blood plasma apart from proteins—carry anti-bodies providing organisms with specific or general immunity.

The process is carried out in a sterile environment on the scale of a giant chemistry laboratory using 17,000 litres of alcohol a day and 40,000

litres of distilled water for the various separation stages. The use of frozen placental blood allied with strict controls gives greater guarantees against contamination than the commonly-used methods of obtaining blood derivatives in the U.S. from plasma from transfusion centres.

Propagation of Acquired

Immune Deficiency Syndrome (AIDS) in the U.S. has been linked to supplies of contaminated plasma, perhaps originating from countries in central Africa and the Caribbean where AIDS is endemic.

Merieux does, however, make use of some plasma supplies in its blood derivatives production. It makes specific anti-rabies gamma-globulin from the blood of donors inoculated with anti-rabies vaccine and also produces from plasma the Factor VIII coagulation-promoter used to combat haemophilia.

Exactly 100 years after Louis Pasteur carried out the first anti-rabies vaccination, the Merieux Institute is also pioneering a new process.

Merieux hopes the new polio vaccine, based on the 30-year-old inactive-virus injectable Salk vaccine (where the virus is cultivated using monkey cells) will prove much cheaper to use particularly in Third World countries where the disease is still a serious problem.

Alain Merieux, who has followed in the footsteps of his father Charles (still the president of honour) in running the company, underlines his debt to the apes by displaying a large photograph of a chimpanzee behind his desk.

A closer eye on the patient

BY PETER MARSH

MEDICAL STAFF may be able to keep a closer watch on patients with the aid of a novel type of monitoring unit under development at Kontron, a Swiss hospital-equipment manufacturer with a British base in Watford.

The company, owned by Hoffman La Roche, is working on a new form of hardware that combines readings from several sensors monitoring heart rate, blood pressure and body temperature.

With the aid of a set of computerised rules that relate sensor readings with a mass of data obtained from other patients, the machinery would attempt a forecast of specific medical problems the patient is likely to encounter in the hours ahead.

If trials show that the technique is reliable, the machine could warn physicians of approaching crises that may affect patients who are seriously ill. These can include conditions of clinical shock (when parts of the body are prone to sudden

shut-down) or heart failure. Such indicators could be given even on occasions when the readings from the individual sensors give no cause for alarm.

The hardware, on which Kontron is working with several British groups of medical researchers, should become available by the end of the year.

The rule-based monitoring system is likely to be sold as a sophisticated feature added to a conventional patient-monitoring unit which costs £3,000 to £7,000. Among Kontron's commercial rivals in such systems are Hewlett-Packard and Siemens.

In other research, Kontron is working on new forms of sensors that detect small amounts of gases in the blood stream. Blood normally contains both oxygen (carried in the haemoglobin of red-blood cells) and carbon dioxide.

By keeping track on the oxygen released into the skin by small blood vessels called capillaries, doctors can follow the progress of medical disorders (for instance in the lungs) that are holding up the infusion of gas into the blood system.

All over the world emerging companies are showing exciting growth potential.

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The Managers will be aiming for maximum capital growth and the income generated by the portfolio will be a secondary consideration. The yield is lower than average but it is considered that the investor's objective will be to obtain the maximum combination of capital growth and income and, where there is a requirement for spendable income, the appropriate number of units can be sold annually in order to meet this requirement. All net income will be automatically reinvested within the Fund and all units are accumulation units. The anticipated gross commencing yield is 1% per annum at the initial offer price of U.S. \$1.

GROWTH PATH

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Perpetual Offshore Emerging Companies Fund was launched on the 9th April 1985 and over the period ending 31st April 1985 units are offered for sale at a fixed price of U.S. \$1. However, up until the 21st May 1985, investors in the Fund will benefit from a special launch price of U.S. \$0.95 per unit.

Full details will be sent with the Prospectus. It is anticipated that the Fund's initial portfolio will be deployed in North America (30%), Europe (30%), including the U.K. (40%), and the Far East (30%).

You should remember that the price of units and the income from them can go down as well as up.

To obtain full details simply complete and forward the coupon to Perpetual Unit Trust Management (Jersey) Ltd., at P.O. 459, Norwich Union House, Church Street, St. Helier, Jersey, Channel Islands.

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(Incorporated with limited liability in the Netherlands)

NOTICE TO THE HOLDERS

of the 9½ per cent. Convertible Guaranteed Bonds Due 1995 of Hanson Overseas Finance B.V. ("the Bonds")

GUARANTEED BY

and Convertible into Ordinary Shares of Hanson Trust Plc.

AND

constituted by a Trust Deed dated October 9, 1980

("the Trust Deed")

Notice is hereby given to the holders of the Bonds, in accordance with the Terms and Conditions endorsed on the reverse thereof (the "Conditions"), that on June 11, 1985 Hanson Overseas Finance B.V. will redeem all Bonds outstanding at that date and not previously converted into Ordinary Shares of 25p each ("Ordinary Shares") of Hanson Trust Plc ("Hanson Trust"). The Bonds will be redeemed at a price equal to 104 per cent of their principal amount, together with interest accrued thereon from October 15, 1984 to the said date of redemption.

Holders of the Bonds are reminded that they are entitled to exercise their right to convert their Bonds into Ordinary Shares of Hanson Trust at any time prior to June 3, 1985. The price at which Bonds are convertible into Ordinary Shares is 28 pence per share ("the conversion price") and the exchange rate applicable on conversion is US\$2.3800=£1. As provided in the Conditions, any holder who wishes to exercise his right to convert must obtain a Notice of Conversion from the specified office of any Conversion Agent (set out on the reverse of the Bonds and at the foot of this Notice), complete and sign the same in accordance with the instructions thereon and deliver it with his Bonds(s), together with all unexpired Coupons, at the specified office of any Conversion Agent by June 3, 1985. The Conversion Agent will require payment of an amount equal to the face value of any such Coupon not so delivered. A Bondholder delivering a Bond for conversion must pay all taxes and stamp, issue and registration duties (if any) arising on conversion in the country where the specified office of the relevant Conversion Agent is situated other than any taxes or capital or stamp duties payable in the United Kingdom by Hanson Trust in respect of the issue of Ordinary Shares on the conversion. Holders of the Bonds who exercise their conversion rights will not be entitled to any interest accrued on the Bonds since October 15, 1984 but as holders of Ordinary Shares of Hanson Trust will be entitled to such dividends as may be declared or paid on such shares, including any dividends in respect of the financial year commencing on October 1, 1984.

On April 17, 1985, the last practicable date prior to the printing of this Notice, the middle market quotation, as derived from The Stock Exchange Daily Official List, of Ordinary Shares of Hanson Trust was 215p and the aggregate principal amount of the Bonds outstanding at that date was US\$5,252,000.

The attention of holders of the Bonds is drawn to the Conditions and in particular to Conditions 6, 7 and 8 which contain further details regarding redemption and conversion.

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Chemical Bank, 100 Strand, London WC2R 1ET

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London, April 1985

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THE ARTS

Arts Week

F I S S u M Tu W Th
19 20 21 22 23 24 25

Opera and Ballet

PARIS

Ballet of the Paris Opera presents Romeo and Juliette in Rudolf Nureyev's choreography and production, danced by Eiko Frigiero, with Florence Clerc, Monique Linderes, Claude de Vulpian, Cyril Atanassoff, Patricia Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizot, Charles Jude, Jean-Yves Lemaire, Rudolf Nureyev in the male roles. Palais des Congres (758223).

Wuppertal's Tans Theater and Pina Bausch, the high priestess of German expressionist ballet, arrive with two programmes: *Wahner* and *Stravinsky's Sacre du Printemps*. Café Müller, Théâtre de La Ville (274227).

Westend alternates with Gluck's *Alceste* conducted by Michael Schneider, produced by Pier Luigi Pizzi with Shirley Verrett/Helene Gavetti in the title role and Barry McCauley in the role of Admetus. Paris Opera. (742375).

LONDON

Royal Opera, Covent Garden: As a tribute to Tippett's 80th birthday, the Royal Opera revives King Priam, in the 1961 production that gave the work its world premiere. Edgar Howarth conducts. Alexander Malta takes the title role, and the cast also includes Kim Begley, Anne Howells, Phyllis Cannan, and Felicity Palmer. Further performances of *Lauri di Lammormoor*, with Dame Joan Sutherland in her London farewell to her most famous role, and Don Carlos conducted by Bernard Haitink.

English National Opera, Coliseum: The new production by Eijah Moschinsky of *The Barbered Bride* is beautiful to look at and delightful in its updating of the work, but less so in its casting of principal roles. The Marriage of Figaro, a rather dull production by Jonathan Miller, returns with some newcomers in its cast. Florian Ceylan (house debut) and Eilene Hannan as Count and Countess, Cathryn Pope as Susanna.

BRUSSELS

Theatre Royale de la Monnaie: Tristan and Isolde, conducted by Sylvain Cambreling with Spas Wenkoff or James McCray as Tristan and Gwyneth Jones as Isolde. (218121).

NETHERLANDS

The Netherlands Opera production of *La Belle Helene* by Offenbach, directed by Lutz Mautner, with costumes by Thierry Bosquet. The cast headed by Leona Kihnen, Rudolf Ruivenkamp and Tom Haenen, with the Promenade Orchestra and the Opera Choir conducted by Jan Smit, and dancers from the National Ballet. (Wed) Eindhoven, Stadsschouwburg (111122).

Scheveningen, Circus Theatre. The Netherlands Dans Theater with Head Stand (Vincent/Beate) Symphony of Rhythms (Kyllian/Stravinsky). Stamping ground (Kyllian/Chaves). (558800).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company open an eight-week New York season with *Les Ballets MacMillan's Romeo and Juliet*, starring Patrick Bissell and Susan Jaffe. Season ends June 15. Lincoln Center (3626000).

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Music

LONDON

English Chamber Orchestra and Tallis Chamber Choir conducted by Yehudi Menuhin. Bach: *Barbican Hall* (638881) (Mon).

Philharmonia Orchestra conducted by Giuseppe Sinopoli, with Salvatore Accardo, violin, Ravel, Scriabin, Saint-Saens. Royal Festival Hall (Mon). (928318).

Handel Tercentenary Tribute with Wendy Earbrow, soprano, Kenneth Brown, tenor and other soloists. Accardo, violin, Ravel, Scriabin, Saint-Saens. Royal Festival Hall (Mon). (928318).

Royal Philharmonia Orchestra conducted by Sir Charles Groves with John Williams, guitar, Smetana, Rodrigo, Berlioz and Vaughan Williams. Royal Festival Hall (Tue).

Scottish National Orchestra conducted by Neeme Jarvi, with Birgit Finnila, mezzo soprano, Haydn, Dvorak and Beethoven (Tue). Barbican Hall. La Grande Scie et la Chambre du Roy conducted by Jean Claude Malgoire. Bach and Handel. Barbican Hall (Wed 1pm).

English Chamber Orchestra and Tallis Chamber Choir conducted by Yehudi Menuhin with soloists including Marilyn Hill, tenor and John Shirley-Quirk, bass. Barbican Hall (Wed). Mass. Barbican Hall (Wed).

London Mozart Players conducted by Tamas Vassary, piano. Mozart. Royal Festival Hall (Wed).

BRUSSELS

Palais des Beaux Arts (512455): Belgian National Orchestra conducted by Mendi Rodan with Mstislav Rostropovich, cello. Berlioz, Schumann, Dvorak (Wed).

PARIS

Pierre Amoyal, violin, Florence Millet, piano. Schumann. (830pm). Lucia Popp, Soprano. Irwin Gage, pianist. Schubert. Strauss. Schumann. (830pm) both Monday TMP-Chatelet (261183).

Daniel Barenboim, piano: Beethoven Sonatas. (Mon). Salle Pleyel (561030).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually stunning and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like *Shuffle Off to Buffalo* with the appropriately brash and leggy hootings by a large chorus line. (77 8020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wit and witlessness of his dotting Jewish mother. (844 9430).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the director's effort to recreate the career of a 1960s female pop group, a la the Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): It is a waste to see Neil Simon's play, which is a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (737 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theatre for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Shogun (Majestic): (Nederlander): Glenda Jackson carries on an appreciation of bringing American classics to New York from London in this marathon production in which director Keith Black wisely makes the side of an integral part of the conversation. Limited engagement ends May 5. (921 8000).

TOKYO

Chorus Line: The Japanese version by the Shiki company, best-known for *Camelot*, is a long-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (330 4000).

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NETHERLANDS

Amsterdam Handel Festival. Mon: Lynna Russell and Christopher Royal, Handel in Italy. Engelse Kerk (Begijnhof 48): Two Suites for harpsichord performed by Gillian Weir, Waalse Kerk (Walenvierde). Wed: The Academy of the Deijnhof, Handel in England, Odeon Theatre (Singel 460). (229011).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Raymond Leppard; soprano, Cynthia Clary; violinist, Carol Webb; All-Handel programme (Tue); conductor, Zubin Mehta; violinist, Ida Haendel; Karl Husa: Concerto for Orchestra (world premiere), Dvorak, Schubert (Thur). Lincoln Center (914 9424).

Mezzanotte (Brooklyn Academy of Music). Brooklyn Philharmonic. Conductor, Lukas Foss: Robert Mann, William Bolcom, William Mayer; Center for Contemporary Opera Production; conductor, Richard Marcellino; Robin Holloway, Robert Dick, James Sellers, Peter Golub (Thur). 30 Lafayette Ave. (718 636 4126).

Carnegie Hall, Alfred Brendel piano recital: Haydn, Schubert, Mozart, Beethoven. (Tue); Mainz Chamber Orchestra; conductor Gunter Kehr; pianist, Nina Tichman; Beethoven, Mozart, Bartok. Haydn (Wed). (247 7459).

Moscow Players (Metropolitan Museum of Art): pianist, Steven Lubin: All-Mozart programme (Thur). (570 3948).

WASHINGTON

National Symphony (Concert Hall): conductor, Charles Munch; Haydn, Mozart (Mon, Tue); conductor, Hugh Wolff; violinist, Pinchas Zukerman; Brahms, Bruch, Bartok (Thur). Kennedy Center (294 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): conductor, Sir Georg Solti; with the Chicago Symphony Chorus, All-Verdi programme (Thur). (435 8122).

NEW YORK

Kabuki (Kabuki-za): Kotobuki Soga no Taimen, Danjuro Musume, Kenkichi Kanjicho (matinee); Ebon Taikoki, Kijo (formal name-taking ceremony), Sukeroku (evening). April sees the beginning of three months of ceremonial to mark a well-known Kabuki family member, Ezio Ichikawa, assume the name Danjuro XII, in unbroken line since the 17th century. The Kabuki world is run by big families, not unlike the system of long-established circus families in Europe. In only the second accession this century, the Kabuki-za's gala programme will continue until the summer. Most of the big names in the Kabuki world will be on stage to lend their congratulations and many of the days will be Ichikawa family specials. One of the favourites is Sukeroku in which Danjuro Kaji plays the lead, a dashing hero and champion of the lower classes in 18th century Tokyo. Excellent English programme notes and earphone commentary. (541 3131).

Barefoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theatre, Shimokitazawa. (414 0961).

The Tooth of Crime: A translation of Sam Shepherd's musical directed by Sakai Hagimura, produced by Far-Engine Room. Story Edit Office, Seibu Theatre, Shibuya Parco Part 1, 9th floor. (477 5800).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Manderley's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (838 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's production fully has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disappointing, Star Wars and a genuine influence. Particular score nods towards rock, country and hot gospel. No child

THE ARTS

Cinema/Nigel Andrews

The truth—as far as it goes

The Falcon and the Showman, directed by John Schlesinger
 Into the Night, directed by John Landis
 Choose Me, directed by Alan Rudolph
 Number One, directed by Les Blair
 City of Pirates, directed by Raul Ruiz

"A true story of friendship and espionage" says the poster for *The Falcon and the Showman*, which tells of the two young Americans, Chris Boyce and Daulton Lee, who sold spy-satellite secrets to the Russians in the 1970s. Boyce (Timothy Hutton) was the "bird," nicknamed after the bird he flew as a boyhood hobby. Lee (Sean Penn) was the "Snowman," named after his less innocuous but far more profitable hobby of peddling cocaine and heroin. In the mid-1970s Boyce, working in an intelligence-monitoring centre for the CIA, began using Lee as a courier to sell top-secret information to the Soviet Embassy in Mexico City.

"True stories" in the cinema should always come with a government health warning. There are many kinds of truth, and there's often a gap between the "whole truth" and "nothing but the truth." John Schlesinger's film of Robert Lindsey's book about Boyce and Lee is, scrupulously, the latter: give or take some minor and inoffensive embellishments to make the package more colourful and characterful. A cipher room shredding-machine used as a cocktail mixer; blasts of here-we-are-in-Mexico local music and pageantry.)

But the film is so far short of the "whole truth" that even at a sturdy 2½ hours we wonder if a subtle exercise in propaganda-by-omission isn't being perpetrated. The background to the friendship between Boyce and Lee is sketched in scarcely at all. But for brief glimpses of them together in schoolboy snapshots, we are left with a mattiness we can only conceive in late teenhood on the rich suburban hills of Palos Verdes, LA, where their families are near neighbours.

The result, and perhaps the aim, of this foreboding history is to make us see the friendship as shallow-rooted, so that we can more easily separate the irresponsible, whacky, dope-peddling Daulton from the pensive, politically conscientious Chris.

That is the simplified bifurcation which John Schlesinger and screenwriter Steven Zaillian are anxious to effect. In fact, Boyce and Lee were firm friends from childhood, and had a fair share of each other's vices and virtues. But you would never suspect it from the movie, between Timothy Hutton's holy California radical—the light of crusading subversion shining in his eyes as



Sean Penn and Timothy Hutton

he reads of CIA enormities on the cipher-room teleprinter—and Sean Penn's waxy hell-raiser down Mexico Way, crashing the Russian Embassy with careless armfuls of top U.S. secrets.

The movie's cleverest and biggest trick of omission, however, is to yield scarcely a lot of information about what secrets Boyce was selling to the Russians. (For a hero of conscience he certainly managed to line his pockets from the proceeds.) Boyce did not leak minor details of America's spy satellite systems but facts so important that their disclosure helped to torpedo the SALT II talks, by destroying the U.S.'s monitoring capabilities on Soviet missile tests. The film gives no hint of this larger perspective.

It's sad to see so much movie-making skill going into such a tendentious casseroles. Schlesinger bounces about between different countries and different time-zones with wit and clarity. The film gives no hint of this larger perspective.

And as in all his films, no character crosses the screen, however briefly, without leaving a calling-card in our memories. The Schlegel's other recent spy outing, *An Englishman Abroad*.

Into *The Night* is a madcap chase movie cast into deepest

darkness. Everyone is chasing everyone else across night-time Los Angeles. The audience will want to flag the cast down and say, "Hang on, could we go back to the beginning and start again, this time with a proper plot?"

Jeff Goldblum is the insomniac young man whose wife is having an affair. Michelle Pfeiffer is the blonde he rescues one night from four Iranian assassins in an airport car park. David Bowie, Dan Aykroyd, Paul Mazursky, Vera Miles, Don Siegel and Roger Vadim are among the infinity of guest stars littering a plot about stolen jewels, murder and international intrigue.

Director John Landis showed in *The Blues Brothers* and *AmERICAN Werewolf in London* that when it comes to comedies of action, slapstick should not only be done, it should be seen and heard to be done. And felt to be done, if possible, as forcefully as a baseball bat on top of the skull. So here there are pratfalls, car chases, shoot-outs and murders galore of both human beings and animals.

The film's energy is as astounding as it is meaningless. Landis always directs movies as if he's swallowed a tin of M&M's jumping beans. But the irony is that his best work—the spooky prologues to *American Werewolf* and *The Twilight Zone*, the opening minutes of *Into the Night* as we follow sleepdrugged Goldblum through the robotic and hilariously deadpan routine of rising, breakfasting and commuting—is done when he slows down and begins to use the plot, rather than throwing us into it.

Alan Rudolph's *Choose Me* is all beguilement. Here we are in some neon-lit city of the mind—a blend of Los Angeles

and Las Vegas—where five characters perform an American-style *La Ronde*. Escaped mental patient Keith Carradine pines up with kooky-dreamy bar-owner Lesley Ann Warren (who has eyelids the size of parrots); Warren is sharing a flat with sex-obsessed, agony-ant Genevieve Bujold (who tends to drift into erotic monologues while still on their); and this trio's fevered lovelornness spreads battily out to the pretty, half-black barfly Rae Dawn Chong and her nutty racketeer husband Patrick Bauchau.

Confused? You well might be. It's as if Feydeau and Lewis Carroll had been involved in a near-fatal accident together, and the plastic surgeon had sewn one human being together from bits of each. But though mildly potty and wildly eclectic, the film is Rudolph's most jellied to date (he also made *Welcome to L.A.* and *Remember My Name*). For goodness knows how small a fraction of the cost, he's made a movie with far more wit, vibrancy and romantic nuance than Coppola's markedly similar *One From The Heart*.

Les Blair's *Number One* should be persuaded, at an unnamed redundancy fee, to drop straight into oblivion. Bob Geldof, ex-Boomtown rodent, and Mel Smith, ex-maroon from Outer Space, team up in this under-headed tale of crime, graft and world snooker championships. The script gorges on cliché—there's even a tart-with-a-heart heroine (Allison Steadman)—and the movie's appalling technical qualities will be a rude awakening to those who think a visit to the cinema is a guarantee of good sound and good pictures.

was still in search of a character, and Graham Clark, with whom he might profitably have exchanged roles, stole all hearts as Vasek. Stafford Dean's marriage broker, crafty but not quite crafty enough, remains an asset, and chorus, dancers and circus folk made an even better impression on second viewing. But Herbert Prikopa's conducting, by turns limp and vulgar, still seems to me a major liability. That so much of Smetana's score should sound either boring or flaccid is little short of tragic.

The Bartered Bride/Coliseum

Rodney Milnes

When Elijah Moshinsky's new production of Smetana's opera opened a fortnight ago, it had a strange hole at the centre: the community background and supporting roles were vividly characterised, but there was something apologetic, almost defiantly anti-operatic, about the presentation of the young lovers. Part of that gap has now been filled with the arrival of Elizabeth Robson, who sings Marenka at tonight's performance and on May 11.

Miss Robson, for many years on the strength at the Garden

(Strauss's Zdenka was her greatwords, making significantly more of the text audible than had her colleague on the first night. Most important, building on natural warmth and pliancy of phrasing, she gave the character more breadth and depth: rustic resourcefulness, loyalty, determination, vulnerability, all found a proper balance in a hugely sympathetic impersonation. I hope we shall be hearing more of her in St Martin's Lane.

For the rest, Edmund Barham's vocally forthright Jenik

any quality which makes Palmer so unique. The figure with the great-brimmed hat and staff strides resolutely towards the hill suggests a medieval pilgrim or Everyman; but Palmer might just have intended to show Ruth and Boaz, since one can just make out a sketched female figure bearing a jar on her head. The deep serenity of this picture makes one see the figure as Palmer himself, the young visionary, when Palmer left Shoreham, which gives these precious works a retrospective sadness.

Kenneth Clark owned this watercolour, which gives an added art-historical interest since Clark, with Geoffrey Grigson, was responsible for the rediscovery of Samuel Palmer and for the inspiration he provided to neo-romantic artists of the 1930s and 1940s, like Graham Sutherland and John Piper.

The special poignancy of this watercolour is its evocation of the vanished beauty of southern England. Now, a motorway thunders close to this cornfield in the Darent Valley. The cycle of the seasons now means searing rape-flowers succumbing to the boring green of winter wheat, then the blackness of burnt fields. For corn-sheaves like Palmer's, one must go to a museum of rural life. There are, however, many appeals to save art treasures



Samuel Palmer's "A Cornfield by Moonlight with the Evening Star"

from export and there will be many more unless, like the Italians and French, we simply ban the export of works above

a certain value. How to begin to weigh up a Palmer against past appeals—a Michelangelo, a Titian, a Duccio? For any

one who cherishes the quintessentially English quality in English art, now is the time to act.

Don Giovanni/Glasgow

Max Loppert

The new Scottish Opera Don Giovanni, which on Wednesday opened at the Theatre Royal, Glasgow, is a messy pudding. The style of the cuisine is consciously nouvelle, and a few happy innovations can be enjoyed in the tasting, but there are too many warring, strongly flavoured ingredients, and the result is ill-baked to boot. Graham Vick, the producer, plays out the opera in Stefanos Lazaridis's black stage box; in the first half, English catch-words are daubed on its sides while what goes on in the main acting area often seems to be all the Don Giovanni associations that first came into the producer's head, strung out from end to end.

The style is full of self-consciousness and at times obviously self-delighted anachronisms (this may be the first-ever appearance of a lavatory on the Lyric stage). The costumes, by Lazaridis and Clare Mitchell,

span a flight of fancy from the Seville of da Pons to the present day via Gainsborough, Films and Come Dancing. Mr Vick has had wicked fun, and shares it with the audience, in depicting Masetto and Zerlina as the acme of suburban plebeian, typed by their wedding presents (which include a gift food trolley and a shiny acrylic sofa-bed)—this comedy of social levels is dealt out with a sharp lively touch.

Elsewhere, though, the production appears to derive its purpose mainly from ringing variations on the theme of Don Giovanni inversion—the Commendatore gets up and walks away from the first scene, Elvira comes in as a nun, the maskers aren't masked, Giovanni doesn't go to Hell, and so on. Nothing really adds up or makes long-range sense; at the pleasure to be had from a series of vividly imagined moments in modern dress doesn't really

compensate for a growing suspicion that this is yet another staging of production notes rather than of the opera. Much of what is most disturbing about it eludes this presentation—the excitement, the blend of humour and pathos, the accumulated terrifying awareness of the infinite.

A lesser problem with the show is that the reviewer must spend too much space simply describing it, and not enough on the singers. The cast includes three notable British debutants. The Leningrad baritone Sergey Leiferkus, one of Wexford's brightest recent discoveries, makes in the title role the strongest impression of all (a reversal of the usual situation). Sharp-eyed, quizzical, compact of figure, he alone rises above the production trickery; the voice has a fine cutting edge and splendidly true definition. The characters of Elvira and Anna prove greater casualties; but as the former, the Finnish

soprano Karita Mattila, a name to watch, sings smoothly, freely, and beautifully, while the Anna of the American Kristine Ciesinski delivers the music with some conviction, if less charm and steadiness of tone.

A feeling of first-night coping with their routines (and in some instances of awkwardly backward placing) may well have diminished the expressive force of Willard White's Leporello (should he not now take a crack at the title role?) and also the potentially charming Zerlina and Masetto of Faith Elliott and Jonathan Best. Anthony Roden's Ottavio is secure and rather dull. The show really needs more dynamic musical leadership than that of Alexander Gibson. The decision to perform in Italian (of very variable efficacy of utterance) disguised more than one example of obvious condescension between the words and their enactment.

A Raisin in the Sun/Kilburn

Antony Thornecroft

It was inevitable that the Black Theatre Co-operative should get round to tackling *A Raisin in the Sun*, which was a great Broadway success in 1959 and subsequently a film with Sidney Poitier. Its tale of a black family in Chicago's South Side, struggling to come to terms with the new emancipation which money and radical ideas was creating, is a cornerstone in the development of black theatre.

What comes across most strongly in this attractively unpretentious production is just what a good story teller writer Lorraine Hansberry is. The triumph of the play is that the black setting is quite superfluous: the audience is hooked on the development of those perennial themes, the generation gap, marital strife, the dangers and delights of money, and romantic rivalry.

Its naturalism and belief in human goodness might be out of fashion among contemporary

writers but makes for reassuring theatre. Lena Younger, the matriarch whose \$10,000 inheritance seems to offer both salvation and destruction for her family, is portrayed by Carmen Munroe with the sweetness of a fairytale godmother.

All the audience has to do is wait expectantly for the plot to unfold—which suitors will the daughter choose, the rich one or the stranger from Nigeria instructing her in her black roots? How will the grandmother divide up her fortune? Will the wife give birth or abort?

The acting is pleasantly relaxed and lively, with Jacqueline de Peza as the mildly rebellious daughter and Guy Gregory as the husband seduced by middle class values, notable. Younger Brewster directs what is very much a period piece at a slow and steady pace, and somehow manages to erase the barrier between the actors and the enthusiastic audience.



Carmen Munroe (top) and Ella Wilder

The Archbishop's Ceiling/Bristol

B. A. Young

The ceiling, dating from the 16th century, still down the sitting room of Marcus, one of the most successful writers in what might as well be Czechoslovakia as anywhere; and very handsome it is, as part of St Basil's Cathedral. It is probably studied with microphones for the benefit of the security police, and Arthur Miller has some initial fun with a visiting American novelist, who is warned of the risk of being overheard but is not expert at controlling his tongue. So little expert, in fact, that he possibly reveals the unhappy circumstance that his friend, Sigmund, the nation's most admired novelist, has concealed his new book in his fireplace.

Sigmund and Marcus are at the two ends of a sea-saw. Sigmund believes wholeheartedly in his right to create and publish without any superior control by the state or anyone else. Marcus thinks that literature, however good, must redound to the good of the country; and, if it does not, it must be sacrificed.

This is the argument that occupies the whole play once we have learned that the police have indeed seized Sigmund's book. It is kept going by various means. Marcus invites Alexandra to an impromptu party that has sprung up to welcome Adrian, the American, himself a considerable novelist (Alexandra is the daughter of the Minister of the Interior). The question is whether Sigmund should see the country to avoid arrest.

Then, Alexandra (whom we see, inconspicuously for half a minute at the final curtain) telephones to say that the novel will be returned after all.

The philosophical exchanges are stimulating enough, though they don't seem to me to open any new ground. The decorations, with which Miller surrounds them, are less so. We have a young woman, Maya, who shares her affections generously among all the men. We hear some of Marcus's personal history, which must surely have been familiar to most of his friends, and has nothing to add. Sigmund demonstrates how to make a piano fire a pistol. A young Danish girl, with no language to share with the company, has no effect on anyone.

Too much seems to have happened by chance. There is virtually no plot, only some literary political conversation. When Maya, late in the evening, says "Let's not talk about it," I half expected a burst of clapping.

Alan Dobie and Ian Lindsay exchange their arguments with truthfulness. Ed Bishop and Maureen O'Brien, who have a long scene to themselves at the beginning, soon reveal that they have no more function than the olive in the cocktail.

Paul Urwin, the director, has done all he can to present a lively stage picture, but, despite the urgency of the matters raised, the play really offers only a conversation.

Viva!/Stratford East

Martin Hoyle

The lobby of this Central American Intercontinental glitters with a blend of modern hotel tech and pre-Columbian motifs. The light-fittings are shaped like Aztec masks, even the lift doors are embossed with gilt, studded with mock jewels.

Saul Radomsky's set witnesses a briskly funny first half to Andy de la Tour's first play. Mr de la Tour is best known as a stand-up comic, but his writing shows full awareness of how to keep a plot on the move; too much awareness perhaps. The second half betrays the frantic bustle of false contrived rather than natural. Roger Smith, who directs, knows the difference.

The beginning is promising. A revolution rages outside. The international media have fed, apart from a British girl reporter; the manager and single waiter deal with the local slightly mad general as he visits a stray playmate left over from a Playboy convention in the Honeycomb Suite; an archbishop of marked Teutonic background starts whenever questioned about his antecedents; the CIA, and the American cultural attaché, are curiously authoritative as he sweeps in requisitioning rooms, stationing machine-guns at various points and throwing a guard round the hotel.

Sure enough, Thackeray is the CIA; and the hotel is the last refuge of the toppling dictator before a projected escape by American helicopter.

Much of this is very funny. The nervous prelate changes suitcases full of pesos for dollars and sells church plate. The plucky girl reporter is actually on holiday from Radio Fortis.

mouth. The dictator refuses to be parted from his father's coffin which, it transpires, contains no human remains. And the hotel manager decides to indulge in a little bombing on his own account.

The coffin plays a central part in the farcical flurry of Act 2 as it whizzes up and down in the hotel lift with a squawking claustrophobic archbishop, containing, as is variously believed by different characters, an embalmed autocrat, a million dollars or a bomb. While beautifully served by players without a flicker of exaggeration between them, the funny business eventually rings hollow and laboured.

A sense of injustice permeates the piece. ("To the Yankees we are just an item on the agenda of some Pentagon sub-committee") but never obtrudes. Perhaps it should. Some vital element is missing from the rollicking: it may be unrequited anger.

Reservations aside, all praise to a perfect embodiment of Latin volatility and lackadaisical amiability in Alfred Molina and Ian Sears respectively (the latter's accent was faultless—this is one of those plays where they talk to one another in broken English; but it doesn't matter a bit); to John Forgham's mutton of a general; to Tom Wilkinson's perfectly credible CIA agent; and to Anthony O'Donnell's dictator, a marvellously rapid portrait of the childish self-absorption of a not too bright spoilt brat unable to take in more than one thing at a time.

Tightened up, this could be a first-rate political farce, which I do not mean a British cabinet minister losing his trousers.

Moves Afoot/The Place

Clement Crisp

Proclaimed as "Britain's latest dance initiative," Moves Afoot is a group of five dancers funded by the Arts Council and South West Arts with, I assume, the idea of taking yet more dance into the regions. Led by Christopher Bannerman, with Celia Hulton and Jayne Lee also from the London Contemporary Dance Theatre, and with Judy Harris and Neville Campbell, the additional members of the troupe, the ensemble has been working in Bristol and is now embarked upon a tour. The programme seen at The Place on Wednesday is proof, were proof yet again needed, that good intentions and physical willingness do not add up to a coherent or even particularly enjoyable evening.

The impression given by the five works on offer was indecisive, and sometimes dangerously so. Miss Lee's *Obscure* seemed to be about a group of jesters, brightly costumed by Tina Holmes (who is one of the three students from the Bristol Old Vic School who provide the design), while Mr Bannerman's *River of Change* was for all the world like a movement therapy

class where the participants had to pretend to be melting ice—a not inconsiderable demand which resulted in actions lamely innocent.

Mr Bannerman was also the pugilist hero of a solo made for him by Kenneth MacMillan, a capricious set to Bach's "Little" G minor fugue, in which he traded punches and finally knocked himself out. Moon Sisters was Celia Hulton's view of a coven of three witches with all the regulation hints of spells and orgiastic poses, and the final *Swing away the Blues* is Mr Bannerman's response to Duke Ellington, with a passing glance at Twyla Tharp's harum-scarum extravaganzas, but none of her organisational genius in making choreographic order from muscular chaos.

If the regions are to be endowed with more dance troupes, then strong and well-realised choreographic offerings are a first priority. The energy and funds expended must bring something surer in style and more theatrically engaging than this odd assortment of experiment and predictability.

Aldeburgh Festival

The 1985 Aldeburgh Festival will run from June 7-23 and will welcome its new French composer-in-residence, Henri Dutilleul, some of whose music will be discussed and performed.

Handel's opera *Rosindus* and concertos devoted to Bach and Scarlatti will mark the tercentenaries of these composers; a concert with music of his choice will celebrate St Peter Peers' 75th birthday. Musicians taking part include Murray Perahia, Andras Schiff, Mirosław Horowitzki, John Shirley-Quirk, Oliver Knussen, the Vermeer Quartet, the London Sinfonietta, the English Chamber Orchestra and the City of Birmingham Symphony Orchestra.

Other events will include an exhibition of paintings to be auctioned by Sotheby's on October 8 in aid of the Aldeburgh Appeal, and exhibitions by Robert Medley, Keith Grant, Juliet Simpson and Fidelity Cranbrook.

Cannes Film Festival

A strong field of films from North and South America is expected to attract record attendance at the 38th Cannes Film Festival next month.

Four U.S. films, three from France and two from Latin America will compete for the Golden Palm award. The 10-member jury will be headed by American director Milos Forman.

FINANCIAL TIMES

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Warning bell
from the U.S.

THE OFFICIAL U.S. estimate released yesterday that the real growth of this giant economy slowed to a 1.3 per cent annual rate in the first quarter of 1985 may well prove to give an exaggerated picture of the rate of the U.S. slowdown — the ifs and buts are discussed briefly below. It is an important economic, financial and political event, all the same.

It poses an economic challenge to America's trading partners, for they cannot now afford the luxury of a leisurely argument over the right response to a future slowdown. It has started. The financial markets have reacted instantly, leaving the monetary authorities — especially in London — increasingly far behind. The political repercussions are likely to follow all too quickly, a much louder protectionist clamour in the U.S. Congress.

Influences

This may seem an unduly portentous message to read into a possibly misleading set of figures for a single quarter; but there are strong reasons for thinking the warning is appropriate and timely, even if the figure may be exaggerated. The suspect elements are visible enough. First quarter activity was no doubt affected by the severe winter weather, the estimate for the GDP deflator, which reduces quite high nominal growth to the low estimate for real growth, far above trend, and some tax refunds were delayed. All these factors suggest some rebound.

For the longer term, however, there are depressing influences which are still gathering force. U.S. companies are being driven by competitive pressures to turn increasingly overseas for components and even to contract out total production — a slow process which will be equally slow to reverse. The sharp rise in inventories in the quarter is almost certainly unplanned, and therefore sinister; even if final demand remains fairly stable, a sharp inventory correction is highly possible. Meanwhile, personal income growth is far below the growth of nominal demand, and must sooner or later depress final sales.

Politically, the most explosive figures are those showing the continued collapse of U.S. net exports, and these at least are entirely credible. These tighter

conditions in the U.S. productive economy have been fore-shadowed for some months in falling investment figures, and have already sharply depressed the trade of some economies such as South Korea, which have quite a large role in subcontracting for U.S. electronics and capital goods industries.

The effect on the consumer and luxury trades in which Europe has a much larger share will be delayed and muted, but still highly important. As the U.S. Treasury Secretary, Mr James Baker, reminded his colleagues in the IMF interim committee, U.S. demand has accounted for nearly half West European growth in the current recovery.

Response

What action is needed to meet these threats? The IMF itself, arguing from its own forecast of 3.4 per cent U.S. growth this year — which will look absurdly optimistic if we get another quarter like the first — urges caution. Any measures to expand demand in other countries to take up the running from the U.S. should be modest and stealthy. This view would be supported by the UK government and the German finance ministry (but not the department of economics). It would be criticised as far too bankerly and restrictive by the French, the OECD secretariat (talking privately) and by the U.S. itself.

Some more positive and convincing response may emerge from the round of international meetings which continues for another month — especially a commitment to new trade talks. Meanwhile, the U.S. figures are anything but the truth, there is now an opportunity to do something near normal real interest rates, and so reduce a heavy constraint on both governments and enterprises.

If, in three months, the U.S. credit boom proves livelier than looks likely, and rates have to edge up again, the sky will not fall. We will simply be back where we thought we were when the winter forecasts on which present policies are based were drawn up.

New home for the
takeover panel

THE CITY Code on Takeovers and Mergers appears today in an extensively revised edition. A number of detailed additions and amendments have been made to the rules but there have also been some deletions and deletions and overall the code is said to be slightly shorter than before.

But as the City of London's takeover practitioners grapple with the new code, the format and come to terms with the re-numbering of nearly all the general principles and rules, much more important changes are being prepared behind the scenes.

At present the panel is paired with the Council for the Securities Industry, which brings together most of the major interest groups within the financial markets. But the CSI is due to fade away over the next year or two with the development of the Securities and Investments Board, a tougher watchdog body which will have statutory backing, although it will aim to work through a variety of self-regulatory agencies.

The recent government White Paper on financial services held out an offer of legislative support for the Takeover Panel. If securities market practitioners and users felt that statutory backing would be helpful the Government would, according to the White Paper, be willing to consider it. But the panel is nervous about taking up such an offer.

Enforcement

A private paper setting out a range of options available has been prepared by the executives of the panel and will be considered by a full session of the panel itself in a few weeks time. These options range from continued independence at one end of the scale to some form of absorption within the regulatory apparatus of the SIB at the other.

The appeal of statutory backing is that it would give the panel teeth of a kind that it has not possessed in the past. It is true that up to now the panel's lack of powers of enforcement has not been crucial; it has been able to wield the threat of censure, or the voluntary excommunications of culpability by City banks and brokers, and this has been sufficient except in one or two cases. But

the danger is that in a future credit boom environment involving 24-hour global markets and giant international securities groups, the panel might be exposed as an emperor without clothes.

An element of legal backing would also, however, carry considerable dangers. The voluntary nature of the relationship between the panel and its constituency of practitioners is crucial to its success. The point of code of conduct is that it can be administered quickly and flexibly on a largely informal basis; indeed, a key function of the executives of the panel is to provide day-to-day advice rather than just hand down judgments from on high. A fundamental objective has been to keep disputes involving takeovers out of the courts, an aim which has been achieved, although some recent arguments have become more legalistic. But once the code gains statutory backing, the panel's role will become far more formal and legalistic.

Clear risk

Today's changes to the code need only the authority of the panel itself, and the loose binding reflects the continuing commitment to flexibility. In stark contrast, the U.S. Securities and Exchange Commission has stood by more or less helplessly during all the recent skulduggery of the American market. In these circumstances it is likely that the executives of the panel will recommend the choice of a niche at the independent end of the spectrum. This is likely to prove a practical solution for the immediate foreseeable future. There will be more foreign participation in London's markets in the wake of the opening up of the Stock Exchange, but overseas securities groups are unlikely to seek to rock the boat in the early years of the new code. Certainly the U.S. investment banks have been scrupulous about complying with the code.

Whether this is a long-term solution is another matter. If the financial markets become truly international it seems unlikely that the UK could indefinitely remain an island of self-regulation in a world where anything is legal that is not proven to be illegal.

BRITAIN'S heavy engineering industry and the U.S. may be on the verge of a partnership which could make the UK a new international centre of nuclear operations.

It became clear this week that the Central Electricity Generating Board has asked Westinghouse to undertake the entire 2200MW nuclear steam supply system — in effect, the reactor and all that wraps round it — for its Sizewell B project, subject to government approval for the project following the recent lengthy inquiry. But this is not the only hurdle to be surmounted. The British nuclear industry, with only two nuclear plants exported in two decades, has a poor export record, except for a few special components. There are also doubts whether, even if Sizewell B is approved, the Government will sanction more orders at the rate needed to rebuild and maintain a healthy indigenous industry.

Westinghouse is already working closely with such companies as Babcock International, NEI and GEC both on Sizewell B and on opportunities for overseas reactor sales. One Westinghouse executive says the international market for reactor order shows "more activity than we have seen for 10 years".

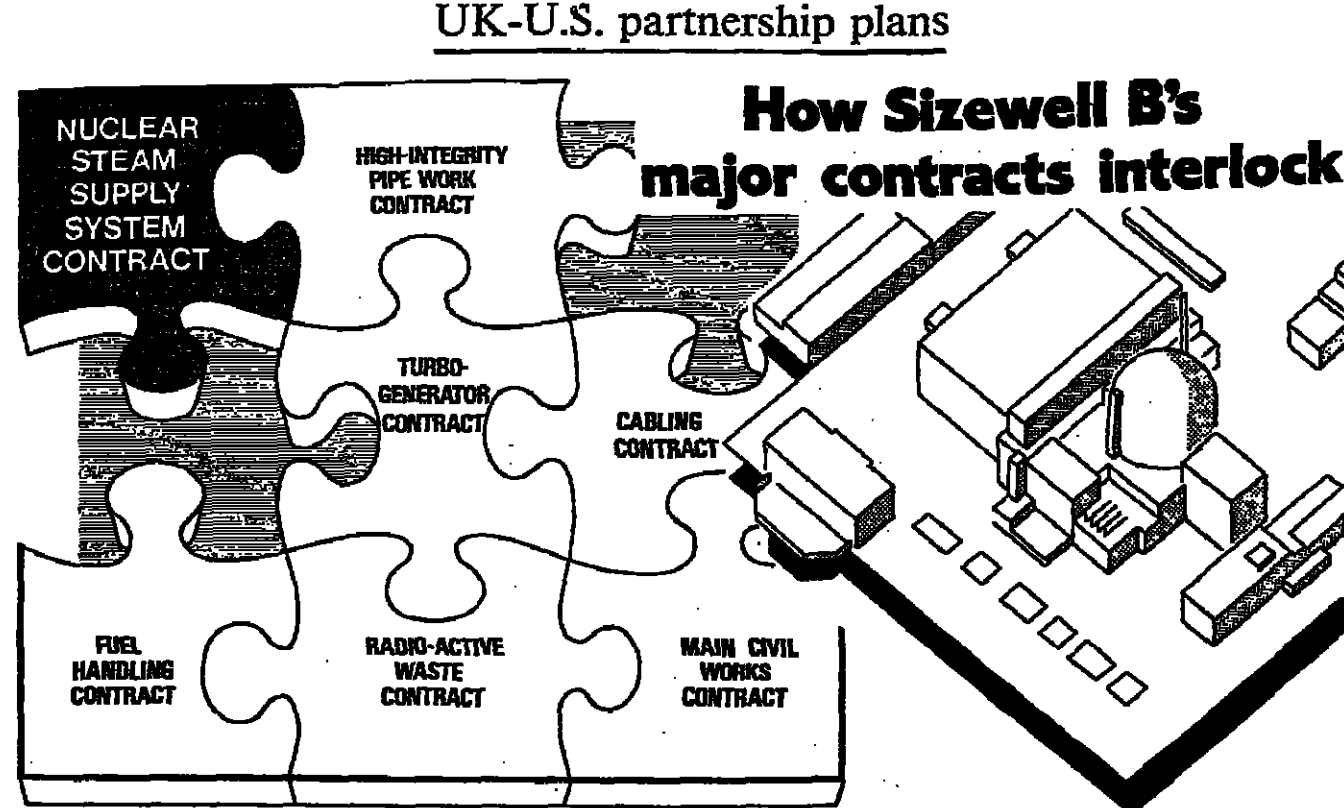
The National Nuclear Corporation, the consortium which is building the reactors already under construction in Britain, but has only a subsidiary role in Sizewell B — has now declared serious interest in joining with Westinghouse. This possibility has caused publication at the CEBG, for it implies that the NNC may at last be willing to consider some of the financial risk of nuclear technology.

All past and present NNC nuclear reactor projects have been undertaken on a cost-plus basis, which means that the NNC is not to shoulder all the financial risks. The new company — whether Westinghouse-owned or an Anglo-U.S. joint enterprise — is to be set up in Cheshire and headed by Sir Bruce Tait, currently working for Westinghouse in Brussels.

The CEBG has stipulated that this company must order as much of the reactor technology as possible, subject to getting satisfactory orders on quality and price, because of continuing strong political, industrial and union pressure. Sir Walter Marshall, CEBG chairman, now says he is "pleasantly surprised" how much can be done competitively in Britain.

The reactor is the Westinghouse pressurised water reactor (PWR). Even though Britain has never built a big PWR, it has built 21 small ones for the Navy — the participation of Westinghouse ensures that Britain enters the market with the full weight of the company's guarantees of performance and integrity. Westinghouse has 55 company-designed stations operating worldwide and many more based upon its PWR design.

In evidence to the Lords Select Committee on the Select Committee, Sir Walter said the big NNC shareholders like Babcock, NEI and GEC are now up to world standards in the quality and price of the nuclear engineering. Only 10 per cent of the value of Sizewell B would have to be imported, and this figure could fall to 1 or 2 per cent for subsequent British orders — about the same as for an advanced gas-cooled reactor or a coal-fired nuclear reactor. To get British industry poised

Britain's nuclear industry
has another go

By David Fishlock, Science Editor

for possible re-entry into the international reactor market has been a long and laborious process. The NNC, the consortium of organisations with a direct interest in reactor design and construction, was set up by the Government in 1974. Its principal shareholders also include the UK Atomic Energy Authority, Taylor Woodrow and Sir Robert McAlpine.

Currently, the NNC is building British-designed AGRs and

force appointed to redesign Sizewell B in time for the public inquiry of the past two years.

The task force, headed by Dr (now Sir) Walter Marshall, concluded that the way to build Sizewell B design would be to stick closely to the Government instruction and make NNC responsible for the whole project including its safety. Both NNC and the CEBG, as operators, accepted this arrangement.

"It was a mistake," says Sir Walter Marshall, now CEBG chairman. It was a mistake because the British system of nuclear licensing places legal responsibility for safety squarely with the operator. The CEBG could not duck this responsibility and therefore had to have a major role in the design. It was also a mistake because the CEBG, not NNC, carried sole financial responsibility for Sizewell B, just as it had done for all its previous 13 nuclear stations.

It was a mistake for at least three other reasons. As a first-of-a-kind it was bound to have problems. It faced a public inquiry at which it was the CEBG, not NNC, whose plans the public was questioning. And as an essentially foreign design it raised procurement problems that were bound to be fraught.

The CEBG's solution was the project management board for Sizewell B, set up last summer as a CEBG subsidiary headed by a board member, Mr John Baker, its chief witness at the Sizewell B public inquiry. This design and construction team of about 320 has drawn its nuclear engineers and scientists

equally from within the CEBG and from the NNC.

The next big issue was the procurement of hardware for the £1.2bn Sizewell B station. Long before the public inquiry ended, the CEBG secured the Government's approval to pick suppliers and place design contracts for long-lead items such as the pressure vessel and turbo-generators. The aim is a fast start if the project eventually gets a green light from Government.

Initially, it looked as if the high-technology aspects of the station such as the primary reactor circuit, made and inspected to exceptional standards of engineering integrity, must go abroad on grounds of price. Westinghouse and other PWR suppliers had dedicated production lines running below capacity. Britain had made no comparable investment.

The CEBG gave Westinghouse the contract — worth about £100m — for design and supply of the primary circuit. But it stipulated that Westinghouse must shop diligently in Britain for competitive tenders. The CEBG was, in its own words, very pleasantly surprised to find how much of this very demanding contract British industry is capable of supplying to Westinghouse standards at a competitive price — over 90 per cent, it turns out.

As the CEBG sees it, the big investment programme of such companies as Babcock and GEC have begun to pay off in upgrading the quality of UK heavy engineering. Nuclear technology no longer demands the "greenfield" factories built by the U.S., France, Spain and others in the 1970s.

UK-U.S. partnership plans

How Sizewell B's
major contracts interlock

Bruno Radovic

So encouraged was the CEBG with the Sizewell B tenders, it decided to expand the Westinghouse responsibility in the hope that this would bring in more British nuclear suppliers. Westinghouse is to shoulder the entire nuclear steam supply system (NSSS), roughly a £200m contract, which includes not only the primary reactor circuit but the reactor containment and auxiliary services. But it must manage the NSSS

Another target:
overseas contracts
for the PWR

contract from Cheshire, not Brussels, and it must invite British as well as foreign tenders for all nuclear systems.

What the CEBG did not dictate was the nature of Westinghouse's relationship with NNC. But it did stipulate that any partnership must shift steadily with each successive British PWR order from one dominated by Westinghouse to one dominated by the NNC.

This is the third major attempt to launch this new nuclear NSSS design and construction company. The first, Plan A, collapsed last summer when discussions over a joint venture company involving Westinghouse and the three main manufacturing groups in NNC — Babcock, GEC and NEI — foundered.

So last month the CEBG proposed Plan B, in which Westinghouse alone would shoulder the financial risks of the NSSS contract for Sizewell B. This scheme galvanised the NNC

into action. At the eleven-hour to hour it recognised the risk to itself of Plan B, that it could be consigning itself to the role of subcontractor to Westinghouse for a whole series of new British reactors. NNC then proposed Plan C.

Plan C — in which Mr Frank Gibb, NNC chairman and chairman-designate of Taylor Woodrow is playing a key role in persuading fellow-shareholders to accept — is a joint venture between Westinghouse and the whole of NNC. The idea is that it will start life as a Westinghouse-dominated venture (90 per cent) but the NNC share will rise rapidly with each successive PWR order.

The CEBG is hoping to persuade the ordering between four and six PWRs in quick succession, mainly as replacements for its ageing Magnox stations, currently its cheapest electricity producers. On this basis Westinghouse could be a minority shareholder in the joint venture by the early 1990s.

But not too small, Sir Walter cautions. He believes that the French made a serious mistake in rejecting Westinghouse as partners only to find them very formidable competitors in world markets for the PWR.

Mr Bruce Tait, chief executive-designate of the new company envisages a team of about 100, composed partly of expatriates like himself but mainly of specialists hired from NNC. It will become one of several specialist companies now group themselves around NNC at Booth's Hall, such as the consortium set up by Babcock, Atton and PED to manage the PWR pipework contract.

The basic principle of procurement for Sizewell B is that John Baker's project management team is negotiating the fixed-price contracts for the manufacture of entire sub-systems as "contract packages" worth of the order of £100m or more. Its job is to ensure that these sub-systems will fit together as snugly as pieces in a crossword puzzle.

Both Bruce Tait and the CEBG have their eyes on another target — overseas contracts for the PWR.

Outside a handful of nuclear nations like Britain and France, with centralised electricity systems, almost all orders for nuclear stations are negotiated piecemeal, with several countries helping with finance and expecting a slice of the engineering work. Britain has previously been largely excluded from this market.

According to Bruce Tait, Westinghouse is currently finding this market "more active than we have seen for ten years." Virtually all the interest in the PWR, he claims, the principal competitors are Kraftwerk Union, Framatome, the Russians and Westinghouse.

A typical example, high on the agenda, is an Egyptian requirement specifying two PWRs worth about \$2bn for a site near El Alemein. Westinghouse asked Samuel Montagu in London to arrange the financial package. The bankers say Westinghouse must be front-runner.

One nation whose government has approved a substantial slice of the finance is Spain. Twelve years ago Spain had no nuclear industry, until it began its own nuclear power programme with the help of the U.S. nuclear industry. Today, Spanish industry is looking for export business in nuclear reactor parts commensurate with the finance its government is guaranteeing.

Employment for
Shields

If the proposed all-party Employment Institute manages to establish itself, and be more than a passing ripple across the political sea, an important contribution is expected from Treasury man John Shields, aged 36.

Shields' friends see his appointment as the Institute's director of economic studies as his big break to make an independent name for himself in political economics. His new employers, the senior politicians and others backing the Institute, see his expertise as crucial to the success of the venture.

At the Treasury Shields was considered A Very Bright Young Man. He was made a senior economic adviser some weeks before his 32nd birthday, and said to have turned in exceptional work as a co-ordinator of short-term forecasts.

Shields is a strong supporter of the Labour party, a member of the Vauxhall-Clapham Town branch. A footnote for future Labour historians is that when Henry Neuberger left the Treasury to work in Michael Foot's private office Shields took over his post.

Shields and the punitive Employment Institute do seem to be made for one another. He is not attracted by the City or banking, and should find at the Institute an opportunity for a higher political profile. Had he stayed at the Treasury he was a strong candidate for a top level post.

Cold work

The Eurocrats of the European Commission — so often the butt of cruel jokes — come in for unexpected support from their sternest critics in a report this week by the budgetary control committee of the European Parliament.

In a poignant addendum to its conclusions, the report has found, seemingly to its own surprise, that the dedication of many European civil servants is

little known to the general public.

A full 10 per cent of the Commission's 2,414 A-grade staff, it points out, have been coming to work unpaid at weekends, with many more to do overcasts in unheated buildings during the winter months.

The report assures us that such dedication is commonplace. But the authors cannot resist spoiling this novel image of Eurocracy by adding that the average annual days off sick per official came to 12 — which seems an exceptionally high figure.

Furthermore, in 1983 the Commission undertook 1,182 studies, at a cost of £18m. But of these, only 179 were published. "Does this mean that the other 1,003 were of little interest to anyone outside the Commission?" the report asks.

No doubt, the European Parliament will now want to launch another highly wasteful and expensive study to find out.

Staffas motors

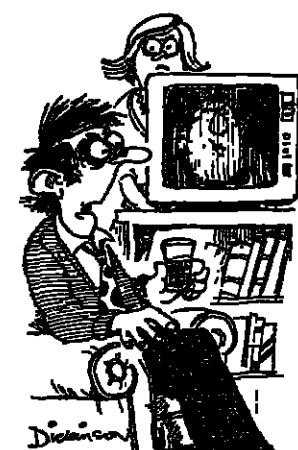
Grappling with the financial and accounting problems of L. M. Ericsson, Sweden's sprawling telecommunications and business systems giant, has finally proved too much for Fritz Staffas.

Staffas, aged 52, chief financial officer of the group and a deputy managing director, is leaving electronics for the motor trade and property.

As the chief executive of Philipson Invest he will be taking over one of Sweden's leading car distributors, including the general agencies for Mercedes Benz and Nissan, also interests in construction management and property.

It is not the first time he has surprised the Swedish business establishment by bailing out of one of the country's

Men and Matters



"I'm completely disorientated - is this TV-am or the late night news on BBC?"

biggest corporations. At the end of the 1960s he left Svenska Cellulosa, one of Europe's leading forest product groups, where he had become vice-president at 35, to join in the formation of a construction company, Platzer Bygg.

Ericsson has been having a bad time in the last nine months with profits way off target during 1984 and the share price under heavy pressure. Its stock market worth fell by more than one-third last year. It has been having to run ever faster to try to hold its own in the cut-throat world market for office information systems, while investing heavily to make a big breakthrough in the U.S. public telecommunications market.

"I have a work burden at Ericsson that is difficult to carry," admits Staffas who has promised to stay with the group until November.

Musical chairs

American baseball teams have been known to switch from New York to California at the flash of a cheque book. But until now, British orchestras have tended to stay in the city of their origin.

That could change if Bristol succeeds in its negotiations to sign up the Bournemouth Symphony Orchestra and the Bournemouth Sinfonietta.

The two orchestras have been disillusioned with their native town for some time, mainly because the local council is allegedly mean with the subsidy.

As a result, the Arts Council has to pay out £960,000 a year, twice as much as any other provincial orchestra receives. The Arts Council is keen on the switch, and so is Bristol. The orchestra also is responsive. It has already taken the first step in distancing itself from Bournemouth by moving its base to Poole.

All that remains, for the move to be agreed, is firm promises of support from regional arts associations, and some commercial backers.

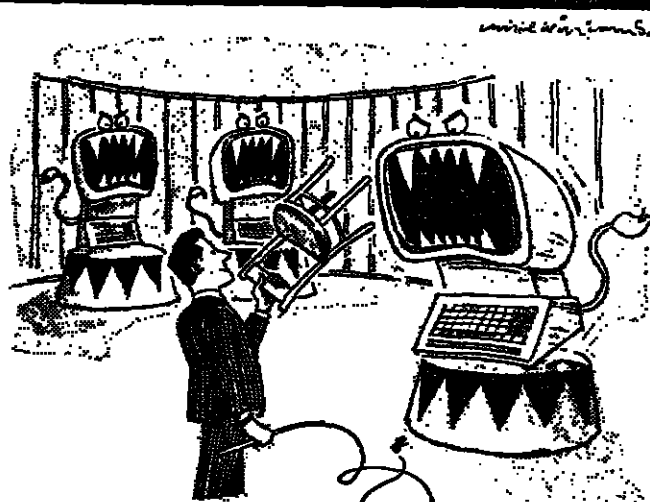
The Bristol Symphony Orchestra should then overture at the Colston Hall, Bristol, in the autumn of 1986.

Osmint back

The burning question being asked in the City of London is what will become of the Continental Illinois survey — the annual investors' guide which ranks individual stock brokers' performance.

It was doubted whether the survey, run by Geoffrey Osmint at CI for 10 years, would survive when he moved to NatWest's merchant banking arm, County. Several rival surveys were launched.

But Osmint rides again. All will be revealed next week. He prefers not to reveal the new name of his survey. Nor how it will be reconciled with NatWest's part-ownership of Smith.



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Observer

POLITICS TODAY

Labour escapes from its past

By Malcolm Rutherford

THERE is no doubt about it: reports that there has been a significant recovery in the morale of the Labour Party in the last few weeks are true.

It is not so much that the party has a lead in the opinion polls. Measured against what has happened in former times, the Labour lead is still slender. Indeed, a strong case could be made for saying that Mrs Thatcher's second administration, around mid-term, is doing remarkably well. The Prime Minister had no difficulty in dealing with Mr Neil Kinnock's criticisms of her Asian tour at Question Time in the House of Commons on Tuesday.

Labour has also yet to be tested against the SDP-Liberal Alliance, which for many months now has had no opportunity to shine in a by-election. And the party still scores own goals: witness the way Mr Michael Meacher, the shadow Social Services Secretary this week, was off on his own on a new plan for funding benefits. He seems not to have told his colleagues what he was doing: a sure recipe for getting in a lather.

Yet something deeper has changed. There has been a realignment of forces within the party. The battle has shifted from one section of the Labour Party fighting another to the Labour Party as a whole fighting the Government, and sensing that it might yet win.

It is very difficult to put a finger on precisely why and when the change came about. Certainly the end of the miners' strike was a help. The people who called for a general strike—Mr Tony Benn and Mr Arthur Scargill, the NUM president—seem to have been defeated and shown to be unrealistic. The process of reselection of sitting Labour MPs has also turned out so far to be a fairly damp squib: very few sitting members have been rejected.

Some reasons for the new confidence, however, may go back over time. The party is admitting that during the past 20 years it made many mistakes. The Labour administration that took office in 1964 promised more than it was able to deliver. There was then a reaction: the generation of 1968, the year of the student riots, the year of the Vietnam war, the year of the oil crisis, which blamed Labour for not being radical enough.

The result was that Labour turned on itself. There was



Neil Kinnock, John Smith and Roy Hattersley: shaping new economic and industrial policies

always a faction, manifest in the constituencies and at party conferences, accusing the Left of failure because it had been insufficiently socialist.

Trend continued throughout the 1970s and up to, and shortly after, the general election of 1983.

Yet 1983 is now a long time ago. Some of the younger Labour MPs went to university in the 1970s: Mr Tony Blair, the Member for Sedgefield, for example, and Mr Nick Brown, the Member for Newcastle upon Tyne East. In turn they reacted against the extremism of the 1968 generation. They realised the simple truth that the party might do better if it worked together rather than fighting internal battles: seeking, if not Jerusalem, at least general improvements.

The extent of the defeat in 1983 took while to sink in. Not only did the Labour share of the vote seem to be in continuing decline; there was also the new threat from the Social Democrats and the Alliance. Probably it needed the defeat of the miners' strike to show that much of the left-wing rhetoric stood for nothing. The far Left called for solidarity and got nowhere. No serious party can afford to ignore that lesson. It is a question of forging a Left that may not offer perfection, but is capable of winning power.

There have been several signs

of this growing internal confidence and desire for unity in recent months. The Left no longer attacks Mr Denis Healey, and indeed is rather grateful to him for staying on and giving the party the benefit of his experience and debating prowess. More than one prominent left-wing MP now regrets that Mr Healey did not become leader of the party several years ago.

Again, the meetings of the party's National Executive Committee have ceased to be the sort of sessions that Mr James Callaghan, when he was leader, used to dread. They have become attempts at making policy decisions rather than battles between factions.

Many Labour members were not impressed either by the party's campaign in the 1983 election nor by the Democratic Party's performance in the American elections last year. At home, they saw the continued internal divisions over defence policy and the failure to make headway on the issue of unemployment. In the U.S. they saw the Democrats trying to rely on the old coalition of blacks, the cities and the unions, plus a selection of single issue groups.

The Democrats, like Labour, sought to depend on the

The new mood in the Labour Party is based on talking about the future and being a party for the whole country, picking up votes in the south as well as just defending the northern strongholds.

Part of it is simply belated common sense. Labour had to pull itself together, otherwise it would have gone on atrophy. There may also be something in the pendulum theory of politics. Mrs Thatcher has been Prime Minister too long now for the electorate to go on giving her the benefit of the doubt.

Yet the biggest single boost to Labour in the last few weeks came from the Budget and the subsequent Government White Paper on Employment. The Budget, Labour thought, was an anticlimax. Probably its effects can be partially remedied by falling interest rates in due course and another year at tax-cutting next year. But for Labour the White Paper was a godsend. It revealed both all and nothing. It showed that largely of a list of the measures that have been taken so far and suggests that there is nothing to come except more of the same: more supply side changes. On that policy the Government will stand or fall at the next election.

The White Paper is thus a watershed. Can Labour, or any other, produce credible alternative economic policies

before the election takes place? The announcement of the formation of the Employment Institute, backed by members of all parties and outsiders, this week confirms what has long been apparent. The question of jobs is now the overriding issue in British politics.

In a quiet way, Labour's research on economic and industrial policy has been advancing steadily in the last few months. The Jobs and Industry Campaign has already been launched and will run until the election. It is much more professional than the Labour Party used to be and a lot of old baggage is being jettisoned.

The starting point has been a little noticed document, Partners in Rebuilding Britain, published by the TUC-Labour Party Liaison Committee shortly before the election in 1983. A new and very much revised version should be available by July: the Liaison Committee is due to put the finishing touches to it at a meeting next Monday.

What is notable about it so far is the way it rejects old-style rhetoric as a panacea. "Most people think of Labour as a party that cares," says a background note based on private opinion polls. "That doesn't know how to generate wealth and that prints money to solve economic problems."

It goes on: "There is support for some of our policies taken

Lombard

Politics without policies

By David Buchan in Budapest

WANTED: A minimum of 55,704 Hungarian political candidates before May 15, 704 of them to aspire to national parliamentary office and the rest to local council seats. Fifty per cent or less chance of success in the June 9 election. Salary: zero, expenses: exiguous. Qualifications: political conformity and ability to wage purely personal campaigns against like-minded opponents without being too personal.

Hardly the sort of job advertisement likely to create a stampede to the candidate selection process that began across Hungary this week. But it is precisely what the new Hungarian election law requires—two or more candidates to contest virtually every national and local seat. The aim is to introduce some political competition while keeping the one-party system firmly in being.

In other words, a competition of personalities, not of ideas. The big advantage of the western multi-party system is that a defeated politician, unless he or she does egregiously worse than the rest of his or her party, has plenty of alibis for consolation—the voters were too stupid to understand my policies, they weren't ready for such sensible policies, my rival misrepresented my party's platform, and so on.

There can be no such alibis under the Hungarian system. As even Mr Imre Pozsgay, head of the People's Patriotic Front, the communist front organisation charged with prior vetting of all candidates, admitted this week: "If defeated, candidates will be defeated alone." He offers some incentives and palliatives. Unsuccessful candidates were even chosen to stand, and if someone gets 25 per cent of the vote in defeat, he will become a sort of stand-in for his victor. This, however, may not be enough. I have an additional bribe to suggest, a telephone for every candidate.

This brilliant idea is stolen directly from the small Hungarian bond market, where a local authority recently promised installation within three years of a telephone for every initial purchaser of its bonds. Three years' wait is short in phone-hungry Hungary. What must every MP have to give constituents the best service? A telephone, of course. And even better if there should turn out to be no constituents to use it.

Executive salaries

From the Managing Director, Webb-Bowen International

Sir—The recent pay increase for Mr John Harvey-Jones was patently justified, if one judges it by the performance of his company. For too long it has been accepted that the pay differential between top management and the work force should be smaller by comparison with most other countries. It seems that the conscience of British management has not allowed them to seek a large rise, principally because of the union menace (and also the all pervasive vice of envy?). When, however, one looks at what senior managers in America earn compared with other countries, and one sees the corresponding performance of American industry, one can only believe that large salaries for the top executives benefit the company as a whole. It is in this case that everybody in the company, from the top executive to the lowest paid worker, should benefit from either bonuses or share options. The reverse should also apply: if a company does badly, everyone should suffer by losing their bonus.

Lex (April 15) made the point that there should be much more responsibility accepted by non-executive directors in fixing the remuneration (both salary and bonus) of their executive colleagues.

So far this very important role is not one which many companies have been willing to delegate to non-executives. In France and Germany it is the members of the non-executive boards who determine the remuneration of the senior full-time executive directors. M. I. Webb-Bowen, 27a, James Street, WC2.

Going through the roof

From Mr L. Di Marco

Sir—On recent performance, Kenneth Corfield's salary will be in the firm bracket 1983 and have broken through £100m by the millennium. It is high time that STC, ICI and Brite formed units to market the talents of the chairman. In time I envisage the formation of a new company founded by Messrs Corfield, Harvey-Jones and Giordano on the USM. Something under the Sinclair banner seems appropriate, with Robb Wilentz as non-executive chairman. I feel sure they face strong competition from the rival consortium under Michael Edwards. Leon Di Marco, 49, Essendine Road, W9.

Decentral of rents

From Mr A. Walker

Sir—Samuel Brittan's article (April 15) advocating the

Letters to the Editor

decontrol of rents demonstrates the consistent failure of neo-classical economists to consider the demand aspects of the private rented market. The rent that a prospective landlord requires to enter the area is determined by the market rate of return and the current value of the asset. This rent is less than the mortgage payments net of tax relief on the same property. Even if this relief were abolished, as Mr Brittan implies he might favour, house price inflation would mean that market rates would rise in line with current values, quickly overtaking the mortgage costs on an equivalent property which are fixed by the historic purchase cost.

The point is this: anyone who can afford market rents can afford to buy, and, given the relative advantages of the latter, only the highly mobile would have any incentive to rent.

For those moving in search of the low paid jobs, which I suspect Mr Brittan has in mind, decontrol would do little unless it was accompanied by substantial increases in housing benefit. Andrew Walker, Catholic Housing Aid Society, 189a Old Brompton Road, SW3.

Anti-fouling paints

From the Parliamentary Under Secretary of State, Department of the Environment

Sir—Mr Levick (April 16) refers to investigations by scientists at the Government's Fisheries Laboratory into the effect on marine species of anti-fouling paints containing tributyltin (TBT) compounds, which are produced by his company and others. His comments call for a number of factual corrections.

Problems with Pacific oysters alleged to be caused by TBT were first reported in 1981 by French scientists. Because the effect is particularly pronounced on Pacific oysters, valuable shells become grossly deformed, early work in this country concentrated on this species. TBT was detectable in both water and oyster tissues at all sites where this species had consistently failed to grow well in MARE trials. Laboratory tests showed that at concentrations of TBT typical of those found in the field surveys (0.1 to 2 parts per billion (ppb) in water) serious shell deformation occurred in young Pacific oysters. Field trials at sites with and without boats in clear and muddy waters (it had earlier been thought that Pacific oysters did not like muddy waters) produced effects

identical to those predicted from laboratory tests: shell deformation occurred only in those estuaries where boats were moored, and only in those estuaries where TBT detectable in the water and oysters.

In the last year further laboratory tests have been carried out which suggest that the larval and juvenile stages of several other marine species are adversely affected by concentrations of TBT at or below those detectable by current analytical techniques (ca 0.1 ppb in water). Recent laboratory tests with the Native Oyster have shown that reproduction in this species is seriously affected at 0.2 ppb TBT in water.

Many publications in the scientific literature support the findings of the Government's scientists, including some referring to growth of marine phytoplankton being stopped by concentrations of TBT as low as 0.06 ppb in water. I.e. well below those found in some estuarine waters. This is the basis of the statement in my previous letter. Mr Levick misleads by referring to the findings of the Government's scientists as "concentrations required to kill marine phytoplankton, but in this case stopping or even inhibiting growth is cause enough for concern." William Waldegrave, 2, Marsham Street, SW1.

Pension fund managers

From Mr K. Jecks

Sir—I was interested to read Mr Freethy's letter of April 13 commenting on Eric Short's article about the effects of dollar hedging on UK pension fund performances. Unfortunately, Mr Freethy appears to have misunderstood the points made in the report on which the article was based.

There are four questions raised by our 1984 general report: Is hedging of currency risks appropriate for pension funds? Most economists would agree that, in the long term, the value of any currency will reflect the underlying strength of that country's economy. Although, say, the dollar may fall in the short term, if the reason for investing in the U.S. is because of the basic economic strength of that country, this factor will also be reflected in the long term comparative position of the currency.

Are fund managers genuinely "hedging" portfolios? It is common for an industrial company, where payment for goods or services is due in a foreign currency in, say, three months, to sell that currency three months forward so that the pay-

ment is totally insulated from any currency movement in the interim. The situation with pension funds is utterly different. Managers have hedged their dollar exposure by selling dollars forward. This would only insure portfolios against currency fluctuations if the overseas portfolio were to be repatriated at the end of the hedging period—typically six months. Alternatively, the objective could be met if the hedging were to remain as a permanent feature of the overseas portfolio. In practice, most portfolios remain invested in the U.S. for many years, and the hedging operations are only short-term in nature. Under these circumstances, selling dollars forward is therefore not "hedging"—it is really an investment decision, aimed at making money from a falling dollar. This we would not condemn in itself, if fund managers had expressed this in these terms to their clients, but if they had done so, how many trustees would have been happy to allow their pension funds to have been involved in currency speculation, with all the attendant risks? Losses achieved in 1984 were real, met from cash balances as opposed to selling overseas securities. Our comments are not in any way "subjective," as stated by Mr Freethy—they are based on fact.

Does measurement of performance result in a change of philosophy? Investment managers? If the hedging operations made by investment managers in 1984 were inspired by a desire to improve short-term performance comparisons (and a number of managers have privately admitted to me that they were), then this is a case of the tail wagging the dog. Performance measurement is an essential element of the efficient administration of a pension scheme, but its function is to monitor the actions of the fund manager—not to influence them.

In making criticism, is Cable, Wood simply speaking with the benefit of hindsight? We have been arguing this case for over a year, and although the magnitude of losses has sharpened the argument somewhat, we have believed that it is appropriate to question hedging operations. Keith M. Jecks, Cable, Wood and Co, P.O. Box 144, Norfolk House, Wellesley Road, Croydon.

Workers all

From the Managing Director, Industrial Aids

Sir—I was interested to read in Men and Matters (April 17) that one of the ten new partners at Teuche Ross is a wife and mother. Are the other nine husbands and fathers? (Miss) Narvela Forster, 14, Buckingham Palace Road, SW1.

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Washington appears ready for Mid-East peace role

By Tony Walker in Cairo

CLEAR SIGNS that Washington is again preparing to play an active role in efforts to end the Arab-Israeli conflict emerged yesterday at the conclusion of talks between Mr Richard Murphy, U.S. Assistant Secretary of State for Middle East Affairs, and Egyptian officials.

According to Egyptian sources Mr Murphy did more listening than talking in meetings over the past few days with President Hosni Mubarak, Foreign Minister Esmat Abdel Meguid, and Prime Minister Kamal Hassan Ali, but they concluded that the U.S. was prepared to commit itself to renewed efforts to revive the stalled peace process.

Mr Murphy would only say that his discussions covered "a wide range of subjects in an open, candid manner." The U.S. envoy had already visited Jordan and Israel and was going on to Syria and Saudi Arabia in a tour described by American officials as "exploratory."

Washington appears seriously interested in President Mubarak's proposal for first-stage discussions between the U.S. and a joint Jordanian-Palestinian delegation, leading to possible direct Arab-Israeli talks. U.S. and Jordanian officials are understood to have had preliminary discussions about the mechanism for such a meeting.

The U.S. public position is that it will not have dealings with the Palestine Liberation Organisation and that the West Bank issue should be dealt with by the Israelis and Jordanians. But officials in Cairo and Amman hope that a compromise formula can be arrived at that would allow U.S. involvement in a new round of peace talks broadly along the lines suggested by Mr Mubarak.

Officials here note that King Hussein of Jordan will meet President Ronald Reagan in the U.S. next month. They say the visit could mark an important stage in efforts to revive the peace process.

King Hussein has managed to draw Mr Yasser Arafat's mainstream PLO into a moderate group, and the Hussein-Arafat accord on February 11, which embraces the principle of "exchanging land for peace," is widely regarded as a possible watershed in Middle East peace making efforts.

Western diplomats in Cairo are saying the apparent U.S. willingness to play a more active Middle East role follows Mr Mubarak's visit to Washington in March. The Egyptian leader is credited with encouraging a reassessment of American policy, which had been to remain on the sidelines.

Meanwhile, senior Egyptian officials are saying that a proposed summit meeting between Mr Mubarak and Mr Shimon Peres, Israel's Prime Minister, is unlikely to take place in a "matter of weeks" as suggested by Mr Ezer Weizman, Israeli minister without portfolio, in Cairo this week.

U.S.-Israeli production of ships and missiles agreed, Page 4

Sweden drops plan for Y100bn loan

Continued from Page 1

The failure of the first large Euroyen credit has meanwhile left that market in serious disarray. "I am worried that other possible borrowers such as Australia, Canada and France will not come in. They will not accept a 10 per cent margin," said Mr Sumio Fukushima, assistant general manager of Sumitomo Bank in London.

Like some other Japanese bankers Mr Fukushima said he was concerned that the concerted effort by no fewer than 12 leading Japanese banks to block the deal would be perceived internationally as contrary to the spirit in which the yen markets have been progressively liberalised over the past year.

Bonn team to study role in star wars research

BY RUPERT CORNWELL IN BONN

WEST GERMANY will send a team of experts to the U.S. to examine the basis for a possible German stake in research into the controversial space-based Strategic Defence Initiative (SDI).

The announcement was made yesterday by Chancellor Helmut Kohl in a keynote speech to the Bundestag, in which he gave his basic approval for the start of work by the Americans on an anti-missile defence system based in space.

His stance contrasted strongly with the outright hostility to SDI displayed by the opposition Social Democrats (SPD), who argued that the U.S. scheme would make arms control more difficult, set off a new weapons race between the superpowers, and reduce the security of Europe.

Chancellor Kohl argued that a decade's work already carried out by Moscow into a space-based system gave every justification for Washington to start research of its own without breaching the existing anti-ballistic missile (ABM) treaty of 1972.

Herr Kohl made it clear, however, that West Germany would take part in the research work only if it were guaranteed a "fair partnership" in the technology that would be involved.

"We have to be interested in securing access for our own industry to results from the research, which could have major civilian applications," he said. "But we must also make sure that Germany and Western Europe do not fall into a second class technological dependency on the U.S."

He stressed that Bonn would not be pushed into an early decision. Mr Caspar Weinberger, U.S. Defence Secretary, set a 60-day deadline in his formal offer on March 26, but this was subsequently dropped.

West Germany will base its final decision on three considerations: the outcome of expert discussions in Washington; the result of talks between Government and interested industry in Germany; and consultations with its European partners.

The hope is to arrive at a joint European stance on the SDI question. Although the topic is not formally on the agenda of the meeting of defence and foreign ministers from the Western European Union (WEU) in Bonn on Monday and Tuesday, the issue of a joint position of the seven countries involved - the original EEC six plus Britain - is bound to overshadow next week's proceedings. Ten days later Chancellor Kohl will take up SDI with President Ronald Reagan during his state visit to West Germany.

Bonn is doubly keen to reap adequate technological benefit from participation after the bitter row over its acceptance of an admittedly inferior U.S.-made aircraft identification system for the German air force.

Herr Manfred Wörner, the Defence Minister, insisted this week that he would veto the deal if proper compensatory arms contracts were not placed in West Germany by the U.S. Ever this balanced defence has not, however, stopped demands for his resignation.

Entrad fails in bid for Tootal after J. Rothschild intervention

BY CHARLES BATCHELOR IN LONDON

TOOTAL, Britain's fourth largest textile group, yesterday defeated the £128m (\$155m) takeover bid from its Australian counterpart, Entrad, after a bitter 10-week battle. Entrad blamed its defeat on the surprise intervention of J. Rothschild Holdings, Mr Jacob Rothschild's investment company, on Wednesday.

Despite the failure of the Entrad approach, Tootal's future remains unclear. The company now has two large shareholders who, following further share purchase by Rothschild yesterday, now hold a combined 39.1 per cent of its shares.

Entrad, which was hardly known in the UK before launching its bid in February, yesterday acknowledged defeat after gaining acceptance from shareholders owning just 8.3 per cent of Tootal's equity. Together with the 29.9 per cent holding built up by Entrad in recent months, this would have given the Australian company control of only 38.2 per cent of Tootal's equity.

Mr Rod Hardy, managing director

of Entrad, said: "Rothschild's appearance on the scene was like being shot by a sniper's bullet. We never even saw him."

"Until the announcement of Rothschild's shareholding on Wednesday we were confident of gaining control of Tootal. The nature and timing of Rothschild's actions were clearly calculated to frustrate our offer."

Entrad has yet to decide what to do with its 29.9 per cent stake in Tootal. It could wait a year before relaunching a bid, though the cost of financing its shareholding would be heavy. It could place the shares with one buyer, which might then launch a bid, or it could sell the shares to a number of buyers.

Rothschild yesterday bought a further 3m Tootal shares, taking its holding to 14.6m shares, or 8.2 per cent of Tootal's equity. Rothschild denied it was acting for anyone else, and repeated Wednesday's statement that the bid was too low

and the shares were an attractive investment.

Vantona Vigiella, another leading British textile concern, yesterday ruled out that it would make a bid for Tootal. Earlier in the course of the bid Vantona appeared ready to consider merger talks if the Entrad bid failed.

Entrad said the failure of the Tootal bid had not dampened its enthusiasm to expand both in Australia and abroad.

Tootal's shares fell 1p yesterday to 74p after Entrad announced the failure of the bid. Rothschild's purchases helped keep Tootal's shares around the 74p level of the Entrad bid over the past 10 days. But Tootal has also been helped by its forecast of a sharp profit increase to at least £27m in the year ending January 1986 from nearly £23m last year.

Entrad's offer comprised 72p cash for every Tootal share and a promise that Tootal shareholders could keep a 1.57p dividend.

American Motors seeks cuts

BY TERRY DODSWORTH IN NEW YORK

AMERICAN MOTORS, the U.S. affiliate of Renault, the French state motor group, is planning radical cuts of around 25 per cent in its "controllable" personnel and non-personnel costs to improve its long-term profitability.

News of the cuts leaked out in advance of the company's annual meeting later this month, when it will give full details of its proposals. American Motors said yesterday that it could not elaborate on the plan at the moment, but added that "every department" would be required to reduce expenditures.

Wall Street analysts believe that the group, which has a total North American payroll of 22,000, will

shortly announce a loss for the first quarter of this year. This would be the first quarterly deficit since the third quarter of 1983, since when the company has pushed up revenue and volume to achieve net profits of \$15.5m in 1984.

The move to trim costs reflects sagging sales of American Motors cars over the last 12 months or so. Shipments of the U.S.-produced Alliance and Encore models - based on the French Renault 9 - have fallen from 53,500 units in the year to April 15 1984 to 34,500 in the following 12 months, while imported models have dropped from 3,580 to 2,830.

The company has recently been

forced to introduce lavish incentives, including an 8.5 per cent financing package and improved warranties, in a bid to boost sales.

Sales to its Jeep model range, the traditional American Motors line, have been more buoyant, rising from 37,900 units a year ago to 41,200 this year. American Motors is proposing to expand this range considerably over the next year, but its next new car will be an intermediate-size model based on a French car. It will be built at its Brantford plant in Ontario.

The group has two other plants in North America, at Kenosha, Wisconsin, and Toledo, Ohio.

Lower growth in U.S. prompts sharp fall in \$

Continued from Page 1

the economy, but Mr Baldrige maintained that government spending would be stronger in the second quarter. Capital expenditure surveys also suggested that investment should rise strongly through the rest of the year.

The fact that real U.S. economic growth has been below 2 per cent in two of the last three quarters will tend to increase existing concern about the ability of the U.S. to continue to boost world economic growth as it did last year, and reinforce calls for Europe and Japan to adopt more stimulative economic policies. Mr Baldrige himself added his voice to that of Mr Paul Volcker,

Federal Reserve Board chairman yesterday in calling for more economic stimulation by other industrialised countries.

The slowdown will also tend to increase speculation on Wall Street that the Federal Reserve Board might move to ease monetary policy. But Mr Baldrige pointedly remarked that he was not unhappy about Fed monetary policy at present, and private economists point out that, with the money supply expanding above target and the risk that Fed stimulation might only suck in higher imports - Fed policy could remain unchanged.

Short-term interest rates, however, have been falling quite sharply in recent weeks as the economic slowdown has become apparent.

In New York, the downward revision in the GNP forecast prompted a further flurry of activity in the Wall Street markets as U.S. short-term interest rates fell again sharply, bond prices jumped and the dollar dropped through the DM 3 level.

Money - market rates dropped sharply on the GNP news, pushing back towards their 12-month low reached in late January. The overnight Fed funds rate fell to 7.75 per cent, while short-term Treasury bill rates dropped by between 13 and 25 basis points. At lunchtime the three-month Treasury bill rate was quoted at 7.85 per cent, down 13 basis points on the overnight close.

The sharp drop in rates, and the prospect that a slowing economy

Airlines disagree on Laker anti-trust action

By Duncan Campbell-Smith in Geneva

BRITISH AIRWAYS' (BA) attempt to seek an out-of-court settlement of the \$1,050m Laker Airways anti-trust suit is balanced on a knife edge after five months, after an apparently abortive meeting yesterday between BA and its fellow airline co-defendants in Switzerland.

The suit, launched in November 1982 on behalf of Laker Airways creditors by its liquidator Mr Christopher Morris of accountants Touche Ross, alleges that BA and other international airlines conspired to force Laker out of business. The company failed in February 1982.

Sir Freddie Laker and Mr Robert Beckman, his U.S. attorney, are poised to make a formal response so far to the \$10m offer presented to them as a part of a total settlement now thought to be worth just over \$70m. Instead, the two men are believed to be pressing for compensation nearer \$20m.

BA is known to be anxious to reach a binding deal with them, alongside a comprehensive agreement with all the creditors of Laker Airways represented - by Mr Beckman, in his other capacity as counsel to the Laker liquidator - in the U.S. anti-trust suit.

The UK flag carrier is now insisting that, to clinch any final negotiation with Sir Freddie in the days ahead, it needs the formal backing of its co-defendants - which they have again refused to give.

Mr Bill Park, of London solicitors Linklaters & Paines, who act for BA, chaired a meeting in Geneva's Penta hotel that began at 8 am yesterday and continued into the afternoon. Originally scheduled for Wednesday evening, the meeting was arranged at the last minute to allow both TWA and Pan American, the two U.S. airlines cited in the suit, to be represented.

If that was a measure of the meeting's importance, its detailed outcome must be a serious disappointment to BA. In addition to the problem of Sir Freddie, the airlines still seem some way from agreeing on the aggregate size of the settlement and their individual contributions to it.

They are all agreed on the desirability of a settlement, which BA now seems confident that it can persuade Laker Airways' creditors to accept. But if none of the airlines is prepared to commit itself to a package until Sir Freddie is paid off, the pressure on BA to take care of that aspect on its own - giving the green light to privatisation of the airline - seems bound to be intense.

BA has been advised that settlement of the case is essential before it can press ahead with privatisation.

BA has consistently emphasised that any settlement must include Sir Freddie and be funded by all the co-defendants together.

AMR air fare deal boosts revenues, Page 17

THE LEX COLUMN

Uncle Sam runs out of breath

If the U.S. recovery had merely got lost in the post, along with Mr Baldrige's tax refunds, even yesterday's sharp down-grading of the first-quarter GNP might not have put much pressure on the dollar. But for once the drift of the official statistics is beginning to fit in with the market's preconceptions: the chronically overvalued dollar at last appears to be producing the expected consequences in the U.S. economy - consumption has been flowing into rapidly rising imports, as exports flag, while the GNP deflator persists in showing higher U.S. inflation than the international currency markets have become used to expect. These are not the conditions in which to expect a strong dollar.

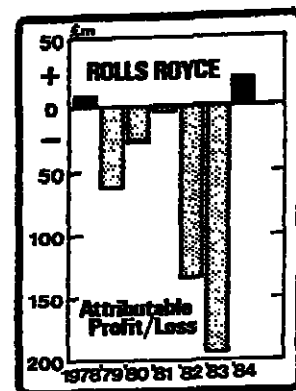
Although the Federal Reserve's concern not to undermine any more thriftless banks may stop it from tightening - as the markets seem to agree - it may equally well refrain from a policy of lower interest rates. It is, in any case, not the Fed's primary duty to keep the economy moving, and the chances are that the main effect of easier money would be a stimulus to the consumer imports which are widening the current account deficit. So yesterday's fall in the Fed funds rate seems rather less of a clue to the Fed's future stance than the firmer bond market which accompanied it.

Outside the U.S. a weaker dollar, and signs of a weakening American economy, open up a range of opportunities for the pessimistic arm of the IMF outlook. Apart from the obvious window for a cut in UK bank base rates - which may extend to a full point if the clearers are prepared to rush the authorities - there is even a possibility that European governments can earn some unfamiliar kudos by a concerted easing of fiscal policy, doing good by doing well out of a sliding dollar.

Takeover Code

The new loose-leaf UK Takeover Code is an immeasurable improvement on its predecessor. The material is more sensibly presented and the rules are expressed in a fashion intelligible to the layman. Even without the accompanying rule changes, it would be a snap at £12 a copy.

The most important single change is the simplification of the substantial acquisition rules, which were introduced in haste and have



ROLLS ROYCE Profit/Loss (m£)

always operated unfairly against an offeror. So long as the 30 per cent barrier remains in place, there seems no reason to stop an offeror from taking advantage of a market price to pick up shares. The revisions retain enough safeguards to prevent a whirlwind takeover, while putting the offeror on more even terms with prospective counterbidders and arbitrageurs.

The exemption of underwritten cash alternatives from the new restrictions on shut-off bids looks tailor-made for the unwinding community but the changes should at least reduce the incidence of alternative offers being used to stampede shareholders into acceptance. Another favoured stampeding tactic - the absolutely final but conceivably subject to revision offer - has been effectively outlawed, and quite right too.

Rolls-Royce

The retention of a £20m profit by a company which generates £1.4bn of sales and supports capital employed of about £700m might not be thought much of an achievement. But for Rolls-Royce, which has reported attributable losses for five successive years, the emergence of any profit at all is cause enough for celebration. Privatisation still looks a good distance off but at least the idea can now be presented with a straight face.

Rolls could not, of course, be sold in anything like its present form. The deficit on revenue reserve stands at over £300m and shareholders' funds exceed net debt only thanks to a handy £100m prepayment. But, even assuming that the UK Treasury displays uncharacteristic generosity in its reorganisation of the balance sheet, it is far

from evident that Rolls could reach the private sector in the lifetime of this parliament, as the Government intends.

Its policy of collaborating on new engine development will reduce its exposure to any single product risk and will contain the R & D bill - which still stands at 9 per cent of sales - but Rolls will remain vulnerable both to movements in the sterling/dollar rate and to spending cuts by either defence departments or commercial airlines. In a dollar-based market dominated by two very large U.S. competitors, it is not much fun being the small guy in Derby. United Technologies' power division - largely Pratt & Whitney - reported 1984 operating profits of \$348m on sales of \$3.4bn.

In its favour, Rolls can point to the benefits of heavy capital investment and impressive gains in labour productivity. On the civil side alone, the order book now totals £800m. Rolls has made great strides in the direction of the stock market, but there is a long way still to go.

Harris Queensway

Rumblings from the joint venture with Debenhams have been souring the market's view of Harris Queensway for months past, as the obvious difficulty Harris has experienced in revamping Debenhams' furniture and electrical floors has simultaneously trimmed profit expectations for Harris and stoked up the bid speculation over Debenhams: it is Debenhams' share price, not Harris's that has been scaling new peaks lately.

The £4.5m which this relationship cost Harris at the trading level may, as Harris insists, be an entry fee, equivalent to the goodwill it didn't pay in the original deal with Debenhams. But that only suggests that Debenhams drove the better bargain over such matters as damaged or otherwise immovable stock.

On the bright side, stock write-downs should now be over with, and it should be possible for Harris to turn a profit in its Debenhams business even without achieving major improvements in efficiency. Given a credible 20 per cent sales growth in its main-line business it is easy to see pre-tax profits getting near £40m this year. But that was well and immediately discounted in the 20p that the price recovered yesterday, with a sub-3 per cent yield at 212p, the shares are now out of the bargain basement.

BOWATER INCORPORATED

First quarter earnings significantly up on 1984

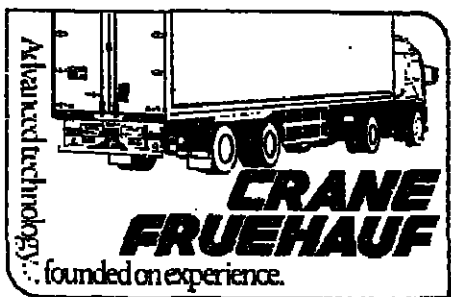
	3 Months to 30 March '85	3 Months to 31 March '84
SALES	US\$216.4m	US\$201.4m
INCOME BEFORE TAX	US\$27.2m	US\$15.9m
<small>(from continuing operations)</small>		
EARNINGS PER SHARE	US\$0.50*	US\$0.33
<small>*Assuming full conversion of convertible debentures.</small>		

- ★ Demand for newsprint improving.
- ★ Strong US Dollar had adverse effect on pulp export market.
- ★ Market for coated paper remains firm.
- ★ All mills operating at full capacity whereas one newsprint machine was being rebuilt during first quarter of '84.

Bowater Incorporated of Darien in Connecticut is the largest producer of newsprint in the USA, and a major manufacturer of coated publication paper, bleached kraft market pulp and continuous business forms.

BOWATER

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SECTION II - INTERNATIONAL COMPANIES

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Dow Chemical profits drop 17% in quarter

By William Hall in New York

DOW CHEMICAL, the second biggest U.S. chemicals group, yesterday reported a 17 per cent drop in first-quarter net income to \$110m while Union Carbide, another leading U.S. chemical group, reported a 34 per cent drop in net income to \$71m.

Both companies said, however, that their first-quarter performance was a big improvement on the final quarter of 1984 when earnings were hit by the dollar's strength and a weaker-than-expected demand for chemicals in the U.S. Dow earned \$85m in the final quarter of last year and Union Carbide says that its first quarter net income was more than double that of the final 1984 quarter if a \$18m extraordinary charge relating to the costs of the Bhopal chemical leak tragedy in India was excluded.

Mr Paul Orfice, chief executive, said that continued emphasis on controlling manufacturing-related

costs yielded good results and higher sales volumes produced improved operating rates. Dow's sales in the first quarter declined from a restated \$29bn in 1984 to \$27.7bn.

Dow has restated last year's figures to reflect the removal of most foreign inventories from the last-in, first-out (Lifo) inventory accounting method. The company says that the first-in, first-out (Fifo), or average cost methods, will be used to provide a better matching of costs and revenue.

Dow earned 58 cents per share in the latest three months compared with 67 cents a share.

Mr Orfice noted that the pricing environment stabilised the latest quarter with price increases realised on several products, including glycerine and vinyl chloride. Prices for basic chemicals and plastics, however, were still below the levels of the early 1980's and a year ago, Dow said, the strong U.S. dollar has

pulled in substantial imports and this created pressure on U.S. domestic prices.

Union Carbide, which earned \$1.01 a share in the latest quarter against \$1.51 a share a year ago, said that the decline was primarily because of lower sales volume. It singled out petrochemicals, metals and carbon products as the weaker markets. The slow down which had begun in mid-1984 continued through the first three months of 1985. First quarter sales fell 9 per cent to \$2.17bn.

Union said that its metals and carbon products operations suffered a 27 per cent sales decline in the fourth quarter and petrochemical sales were 14 per cent lower.

Dow repeated its belief that its special chemicals business remained the strongest part of its overall operations and would continue to contribute significant long-term growth for the company.

Earnings slump at Texas Instruments

By Louise Kehoe in San Francisco

TEXAS INSTRUMENTS, the largest U.S. semiconductor maker, has reported dramatically reduced profits for the first quarter, dashing hopes within the industry of an impending return to market growth.

The company announced that its net income had fallen to \$9.1m, or 37 cents a share, from \$9.8m, or \$3.32 a share, in the first quarter of last year. Sales were down from \$1.34bn to \$1.29bn. Its share price fell 55¢ to 104¢ on the news.

The company also announced that it would cut its workforce by another 1,000 people and keep the remaining production workers on a short-work schedule during the second quarter. Texas Instruments made 2,000 workers redundant in December.

The company blames its problems on the continuing decline in semiconductor demand and severe price pressures. Texas Instruments, as the leading U.S. manufacturer of commodity memory devices has been particularly hard hit by a sharp reduction in prices.

"It became apparent in the first quarter that order rates for electronic equipment have also weakened," said Mr J. Fred Bucy, president and chief executive officer.

Canadian bank sells unit

By Bernard Simon in Toronto

THE LARGEST private sector bank in the Dominican Republic will be formed by Royal Bank of Canada's sale of its local subsidiary to the small Banco del Comercio Dominicano.

Terms of the transaction were not disclosed. Royal Bank has 12 offices in the Dominican Republic, accounting for 21 per cent of the banking sector's liabilities. Banco del Comercio's market share is roughly 3 per cent. Last year it acquired Bank of America's local business.

A senior Royal Bank official said that the sale was part of moves to increase local participation in its activities throughout Latin America.

Charge pushes Control Data back into the red

By Paul Taylor in New York

CONTROL DATA, the troubled diversified U.S. computer and computer products group in the midst of a major retrenchment, plunged back into losses in the first quarter, mainly because the Ohio savings bank crisis forced its credit unit to take a \$11.6m, or 30 cents a share, charge.

The Minneapolis-based group, which earlier this month announced a further round of "substantial" job cuts in its computer peripherals products group, reported a first-quarter loss of \$9.2m compared with a \$31.7m profit or 82 cents a share, on revenues which grew marginally to \$1.204bn from \$1.19bn a year earlier.

The company noted that the latest results reflected the impact of

the first quarter charge made necessary by the Ohio savings bank crisis which followed the collapse of ESM Government Securities, a small Florida-based government bond dealer.

The charge had been expected because Control Data's commercial credit subsidiary operates the 110-branch City Loan and Savings Company of Lima, Ohio, one of the thrifts temporarily closed down by Governor Richard Celeste after a run on the deposits of the privately insured savings banks. City Loan and Savings had contributed \$21.4m to the private insurance scheme, the funds of which were depleted by the failure of Home State Savings last month.

Control Data noted that the

charge was made necessary because City Loan and Savings stands to lose its deposits to the guarantee fund.

The company, which reported its first quarterly loss for 10 years in the third quarter last year after its decision to pull out of the IBM plug-compatible equipment market, managed to return to profitability in the final quarter of 1984.

● Amdahl, the California-based manufacturer of IBM-compatible computer equipment in which Fujitsu of Japan has a large minority shareholding, expects earnings and shipments of its products to improve later this year after reporting an almost flat performance during the first quarter.

Zellerbach optimistic despite setback

By Our Financial Staff

CROWN ZELLERBACH, the San Francisco-based forest products group which is the target of an unwelcome bid from Anglo-French financier Sir James Goldsmith, reported a \$2m fall in net profit to \$19.2m in the first quarter. The company said earnings were affected by a strike, lower gains on land sales, the cost of new ventures and higher interest.

Earnings a share dipped to 56 cents from 64 cents. Sales for the quarter rose to \$782m, from \$788m a year earlier.

Crown says it expects profits to rise for the rest of the year compared with 1984, where the net profit was \$103.6m.

First-quarter earnings were also up sharply at Scott Paper, the U.S. paper tissues group. The net return advanced from \$34.2m, or 70 cents a share, to \$42.1m, or 81 cents, while sales edged up from \$588.8m to \$606.2m.

At Fort Howard Paper, another leading forest products concern, net earnings rose from \$29.6m, or 94 cents a share, to \$33.2m, or \$1.05, on sales up from \$308.3m to \$308.7m.

Hilton in talks on hotel sale

LOS ANGELES - Hilton Hotels has considered an offer and authorised continuing negotiations for the sale of its yet unopened Atlantic City hotel and gaming complex to Mr Donald Trump, real estate entrepreneur.

Hilton said it intended to continue to press for a gaming licence from the New Jersey state Casino Control Commission, but is continuing talks with Mr Trump "to protect the investment interests of our company and shareholders."

Reuter

AMR air fare deal boosts revenue

By Our Financial Staff

AMR, the parent company of American Airlines, has reported first-quarter earnings of \$80.2m, close to the record \$80.3m which it achieved in the same period last year. Net profits a share, at \$1.12, were almost equal to the \$1.13 earned a year earlier, while sales of \$1.93bn were up 9.4 per cent on the \$1.77bn previously.

Mr Robert Crandall, chairman, said he was pleased with the first-quarter result, which has been achieved despite a \$6.8m decline in operating income from \$109.1m to \$83.3m - corresponding to a 7 per cent drop in yield (average revenue per passenger mile). That drop was, however, offset by a 17.1 per cent increase in revenue passenger miles.

In common with other U.S. airlines, American has found itself dragged into a fares war, which brought a sharp fall in profits during the final quarter of 1984.

Republic New York lifts performance

By Our Financial Staff

REPUBLIC New York, parent of Republic National Bank of New York, lifted first-quarter net earnings from \$22.8m, or \$1.38 a share, to \$29.3m, or \$1.42, a year ago. Provisions for loan losses increased to \$33.2m at the end of March from \$33.8m.

Earnings also rose at First Bank System, the Minneapolis-based multibank holding company. Net

profits in the first quarter advanced from \$14.2m to \$17.9m, while assets rose from \$7.37bn at the end of the 1984 quarter to \$8.33bn.

Bank of Boston, the New England banking group that was fined \$500,000 in February for not reporting certain international cash transactions, boosted first-quarter net earnings from \$24.9m, or \$1.31 a share, to \$43.9m, or \$2.21.

U.S. tobacco groups up

By Terry Dodsworth in New York

PHILIP MORRIS and R. J. Reynolds, the two major U.S. tobacco companies, yesterday reported sharply higher first-quarter profits.

Net income at Philip Morris jumped by 25 per cent from \$205m, or \$1.67 a share, to \$258m, or \$2.12 a share. Earnings at R. J. Reynolds rose to \$182m, or \$1.85 a share,

against \$116m, or \$1.33 a share, although on a continuing operations basis they rose even more, from \$151m, or \$1.20 a share, a year ago.

Sales rose much less strongly, moving up by 2.2 per cent at Philip Morris from \$3.25bn to \$3.32bn, and by 1.4 per cent at R. J. Reynolds from \$2.88bn to \$2.9bn.

ABC declines by 18%

By Our Financial Staff

AMERICAN Broadcasting Companies, the U.S. broadcasting, publishing and video enterprises group being taken over by Capital Cities Communications in a \$3.5bn deal, has reported an 18 per cent fall in first-quarter net earnings.

Profits fell from \$23.9m, or 81 cents a share, to \$19.4m, or 67 cents, while revenues slipped from \$838.7m to \$797.8m.

Mr Leonard Goldenson, chairman, and Mr Frederick Pierce, president, noted that in the first quarter of 1984 revenues and profits

benefited from the Winter Olympics in Sarajevo.

The company's firm commitment to control costs at both division and corporate levels was successful in easing the post-Olympic year comparison, the ABC executives said. "In fact, excluding certain corporate charges, which increased as a result of the ABC-Capital Cities merger announcement, ABC's first-quarter earnings would have increased modestly over last year," they said.

The latest results represent a significant downturn from those of the fourth-quarter of 1984.

Legal & General reports "Confident expectation of future growth and progress"

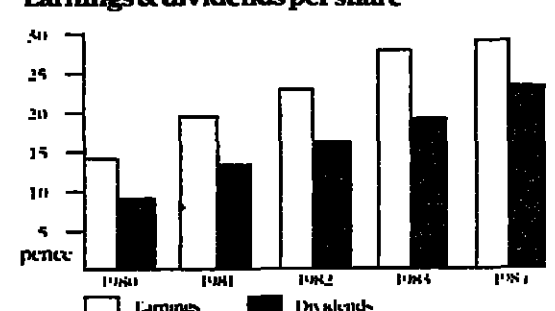
Sir James Ball Chairman

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Earnings & dividends per share



Figures adjusted for capitalisation and rights issues

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Summary of our Annual Report 1984

1983		1984
DM 3,732 million	Business Volume	DM 3,848 million
DM 3,247 million	Total Assets	DM 3,325 million
DM 2,762 million	Deposits	DM 2,821 million
DM 2,137 million	Bill and Advances	DM 2,234 million
DM 135 million	Capital	DM 140 million
DM 10,948 million	Consolidated Total Assets	DM 11,443 million

The Partners
Cologne/Frankfurt, April 1985

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INTL. COMPANIES & FINANCE

Bell raises A\$120m with sale of half BHP stake

BY LACHLAN DRUMMOND IN SYDNEY

MR ROBERT Holmes & Court's Bell Resources has realised around A\$120m (US\$78.1m) of cash by unloading roughly half its 5 per cent stake in Broken Hill Proprietary (BHP).

Bell has raised the cash through the exercise of options contracts written in February and March.

The inflow reached its peak yesterday as 23m shares underlying the options, not all written by Bell, were traded through the Sydney Stock Exchange to produce a record single stock turnover of A\$123m.

Bell Resources with 40m shares and Bell Group with some 6m received effective prices varying from A\$5.60 to

about A\$6.20 a share for the option-covered shares. This compares with the A\$6.42 closing market price yesterday.

The funds from Bell sales through option deliveries over the past fortnight appear to be earmarked for its current play against Asarco in the U.S., the 44 per cent controlling shareholder in Australia's MIM.

Bell has laid out U.S.\$60m for a stake of almost 10 per cent in Asarco and could spend up to a total of US\$400m building to a controlling half share.

Its plans, though, have run into considerable opposition from Asarco.

Bell recently raised A\$190m through the sale of oil assets and retains about 20m BHP

shares. Although Bell has received less than the market price for the BHP stake it has unloaded it will still show a handsome profit on the shares, some purchased for cash a year ago and others acquired mostly for scrip in its two audacious takeover plays for BHP.

Our Financial Staff adds: BHP together with Shell Australia yesterday resumed purchases of shares in Woodside Petroleum, for which they are bidding A\$450m, after rectifying a technical deficiency in the offer document, including a small amount held by BHP's pension fund, their combined holding yesterday went over the 50 per cent level.

Swire bid wins key site in Hong Kong

By Gordon Cramb

SWIRE PACIFIC of Hong Kong yesterday won the auction for an important development site in the territory's central business district with a bid of HK\$703m (US\$90.3m).

The result was viewed by property analysts as an indication of sustained recovery in the local market following the 1982 crash in land values. Original expectations for the price had ranged from only HK\$400m to HK\$600m, although estimates in recent days escalated dramatically to as much as HK\$900m.

The emergence of Swire to compete successfully against at least five other bidders, including other heavyweights such as Sun Hung Kai Properties and Cheung Kong, was also taken as a sign that the market had by no means been relinquished to smaller speculative developers.

Mr Alan Foster, managing director of Swire Properties through which the bid was made, said the company intended to develop the 10,690 square metre site as a retail, residential and office complex. He said he had already received approaches from several prospective hotel operators.

The site, covering a large part of the Victoria Harbour area, is adjacent to the new supreme court buildings and is zoned for commercial development or for a hotel. It offers scope for twin tower blocks, and Swire could thus split the acreage in two.

Swire Pacific last year took full control of Swire Properties in a HK\$1.35bn deal. Mr Michael Miles, the group's chairman, said last month the property side had experienced a resurgence in demand for its developments, and added cautiously that "some improvement in prices over those of the previous year may be expected."

The baracks site, although slightly removed from the prime business area, will provide Swire with the most central building of any size in its portfolio.

ABN to buy out Australians

BY OUR SYDNEY CORRESPONDENT

ALGEMENE Bank Nederland yesterday became the third foreign group this week to receive Treasury approval to buy out local shareholders in its Australian merchant banking offshoot.

The shift to full foreign ownership is in line with the 12-month moratorium on normal local equity requirements which was introduced last October. This allows participants in the crowded merchant banking sector to realign their ownership in response to the granting of additional banking permits.

Hambro Australia 14 months ago introduced two local companies as 40 per cent share-

holders to comply with undertakings made in 1977 to introduce local equity. Earlier this week it announced the buyback of the 40 per cent stake to give the UK parent 90 per cent and local management 10 per cent.

Scandinavian Pacific, previously half owned by Scandinavian Bank of London, has also moved to 100 per cent foreign ownership, although a separate non-lending investment bank subsidiary has been set up with its former local equity partner.

Meanwhile the Dutch bank has bought out the half share in ABN Australia held by Mr Kerry Packer's Consolidated Press Holdings, to take it to full ownership in the operation,

which was established in 1983.

Neither ABN Australia nor Scandinavian Pacific, formed only last year, have yet to make much impact although the longer established Hambro has a strong profile among the 50 or so merchant banks in Australia.

The British owned group also this week announced steady net profits of A\$2.07m (US\$1.35m) for 1984 and an increase in assets from A\$195m to A\$305m. Its balance sheet size and range of advisory and investment management services will leave it in the front rank of the foreign controlled merchant banks once the 16 new full bank licenses take up their new roles.

Siam Cement grows by 29%

By Boonsong K'Thans in Bangkok

SIAM CEMENT, one of Thailand's largest industrial concerns lifted net profits by 29 per cent to 777m baht (\$28.2m) for 1984.

Sales increased 11.8 per cent to 13,532m baht, derived from a boost in domestic construction activities. It gave the return on net sales for 1984 as 5.7 per cent compared with 4.6 per cent, with the return on total assets reaching 8.5 per cent.

OUB slips 9.3% for year

BY OUR FINANCIAL STAFF

OVERSEAS Union Bank, Singapore's fourth largest bank, yesterday announced a 9.3 per cent fall in 1984 net profits to S\$47.2m (US\$21.1m), but maintained its dividend at 16 cents gross per share.

It coupled this with the launch of a one-for-five rights issue at S\$2.50 a share, compared with a last-traded market price of S\$3.82.

OUB said shareholders accounting for about 44.7 per cent of its existing equity had reached 4.5 per cent.

agreed to subscribe fully to their rights entitlements, while the balance would be underwritten by Asian-American Merchant Bank.

The earnings setback emerged in the second half of the year, when the decline was 22.6 per cent. For the bank alone, net profits for the year dipped 1.4 per cent to S\$46.5m, implying a loss on other group operations. The second-half earnings downturn at the bank

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NEW ISSUE

February 15, 1985

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NEW ISSUE

April 15, 1985



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Particulars of the Debentures and the Issuer are available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars relating to the Debentures may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2P 2BT, up to and including 23rd April, 1985 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 3rd May, 1985.

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19th April, 1985

INTERNATIONAL COMPANIES and FINANCE

Solvay lifts dividend after strong advance

BY PAUL CHEESERIGHT IN BRUSSELS

THE INCREASING strength of the international chemicals market helped Solvay to boost its 1984 consolidated net profits to BFr 8,065m (€132m) from BFr 5,241m in 1983.

The group, which has plants in 14 countries and which is Belgium's second largest industrial company, yesterday announced that its 1984 dividend would be BFr 570 net, an increase of BFr 35 over 1983.

Consolidated turnover last year was BFr 224,481m, against BFr 198,740m in 1983.

The results are largely what the group had expected after a successful first half. Sales have

increased, while energy feed-stock prices have slackened. At the same time Solvay has been able to raise its prices for some products.

The year's figures represent the fruition of a series of economy measures started in 1982, when Solvay closed unprofitable plants and made a concentrated effort in energy-saving. The group is also benefiting from the results of diversification.

The Belgian parent also raised its net profits, but is having to make provisions for litigation in which it is involved. The final profit figure was BFr 3,701 for 1984 against BFr 2,901.

Iveco suffers further loss but sees return to black

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IVECO, the Fiat subsidiary, which is western Europe's second largest heavy vehicle producer, has operated profitably so far this year. But it suffered a 1984 loss higher than the Ft 233m (€36m) recorded in 1983, said Sig Giorgio Garuzzo, the chief executive, yesterday.

The company expects to produce about 100,000 vehicles in 1985, well above the break-even level and 7.5 per cent ahead of last year's 93,000.

Iveco, which is registered in Amsterdam, will give detailed results later this year. They will show it did better at the operating level than in 1983, but had to face the cost of closing the medium truck assembly plant at Trappes in France in

October, with 1,300 redundancies.

In the past five years Iveco has reduced its break-even output level from around 120,000 to about 90,000 vehicles although the actual figure depends on the mixture of vehicles produced, said Sig Garuzzo.

Iveco would continue to work to reduce its cost base, but there would be no more plant closures in 1985, he said.

At the moment, of the 22,000 employed in Italy, 400 are laid off at Fiat's diesel engine plant at Foggia and another 200 at the Valle Ufita bus plant.

Iveco's capital investment of Lit 10,400m (€44m) last year would be increased by about 10 per cent in 1985, said Sig Garuzzo.

Steep decline at Lesieur

BY OUR FINANCIAL STAFF

LESIEUR, the French edible oil group, reports a steep drop in profits for 1984 and as a result is being forced to cut its dividend.

Against a forecast of a 25 per cent profit decline net earnings shrank at Ft 50m (€8m), compared to Ft 142m for 1983. Turnover was Ft 9,390m against Ft 7,670m.

The pre-tax dividend is to be Ft 37.50 a share, Lesieur paid Ft 37.5 for 1983.

Lesieur said the lower profit was due mainly to a further

decline in the French fats business, which hit both volume and margins.

Sales of pre-cooked foods and household detergents slowed in November and December due to retail stockpiling.

The French fats trade would continue to suffer this year from unfavourable movements in oilseed prices and the high cost of introducing two new table products.

The continuation of last year's restructuring plan would add further to group costs, it said.

Full year increase at Alsthom Atlantique

By David Marsh in Paris

ALSTHOM ATLANTIQUE, the diversified French engineering group which is majority owned by nationalised Compagnie Generale d'Electricite, registered net profits of FFr 270.3m (€29m) last year, up from FFr 261.1m in 1983.

The company, which has already reported sales of FFr 23.8m last year against FFr 21.7m in 1983, said gross cash-flow for 1984 came to 4.4 per cent of turnover.

Depreciation last year rose to FFr 582.5m from FFr 535.9m in 1983.

The company, which is still quoted on the Paris bourse, is proposing to pay a dividend of FFr 24 per share for 1984, up from FFr 22.5 in 1983. Shareholders will have the option to take the dividend in the form of shares.

The company, in which CGE has an overall stake of 63 per cent, is also seeking authorisation to raise capital to a maximum of FFr 1bn from the present level of FFr 616m.

Steel merger talks continue

KLOECKNER-WERKE and Krupp Stahl expect all questions involving the planned merger of their steel operations, with CBA of Australia as a partner, to be resolved in the foreseeable future, Reuter reports.

A joint statement, issued in response to reports that the merger plan had failed, said negotiations were continuing constructively.

High-ranking trade union officials at both companies said on Wednesday that the merger plans were "practically dead."

Formation of the planned new company, Stahlwerke Krupp-Kloekner, has to be approved by the supervisory boards and shareholders of Krupp and Kloekner before the end of June if it is to qualify for European Community-approved government subsidies.

The three-way link stands to create Germany's second largest steel group with assets at around DM 1.5bn (€495m).

Nestle income surge as margins widen

BY JOHN WICKS IN ZURICH

NESTLE, the Swiss foods group, reports an 18 per cent rise in net profit to a record SwFr 1,496m (€590m) in 1984.

Group sales went up by 11 per cent to over SwFr 31.1bn, reflecting both a rise in sales volume and the "combined effect of foreign-exchange and inflation rates."

The board proposes to step up the dividend from SwFr 109 to SwFr 115 per share.

The group noted that profitability had improved. Profits totalled 4.8 per cent of sales during the year, up from 4.5 per cent in 1983.

Nestle is also shortly to issue bonds with warrants for a total amount of SwFr 300m. This operation will help to finance recent acquisitions.

Nestle has made a string of acquisitions in recent years, notably including the \$3bn takeover of Carnation of the U.S.

The Panama City affiliate Unilac, whose shares are twinned with those of Nestle, increased profits from \$24m to \$26.8m last year.

In order to simplify the group's structure, the board proposes that Unilac's common shares should be repaid at the nominal value of \$12 each. The Panama company would then become a subsidiary of Nestle.

Schering to pay more as profits soar to DM 138m

BY LESLIE COLLIT IN BERLIN

SCHERING, the West German pharmaceuticals and chemicals group, said earnings rose last year to DM 138m (€45.6m) after DM 80m in 1983. The company will recommend a dividend of 24 per cent, an increase of 3 percentage points over 1983.

The parent company saw earnings rise to DM 91m last year from DM 76m. Of this DM 30m is to be placed into available reserves compared with DM 23m the previous year.

Turnover last year rose 14 per cent to more than DM 4.8bn which Schering described as a "very successful" year. Sales in the first quarter of this year were 17 per cent higher at DM 1.4bn. Schering said 1985 would be a good year if this sales development could be sustained.

The increase in profit came despite high losses by the Diarmat subsidiary, and exchange losses in Latin America.

Threat to Grindlays

BY OUR ZURICH CORRESPONDENT

GRINDLAYS BANK, the Swiss subsidiary of the Australia and New Zealand Banking Corporation, may have to cease operations.

The bank, which has branches in Geneva and Zurich, had to apply for a new concession last year on its takeover by the Australian group.

The Swiss Banking Commission then allowed it a grace period for Australia to comply with Switzerland's reciprocity rules. These lay down that concessions can be granted only when the home country of the founder or purchaser permits Swiss banks to set up operations under conditions "not substantially more restrictive" than those granted to foreign banks in Switzerland.

While Australia did not offer such facilities at the time of the Grindlays takeover, it has since carried out a liberalisation of its regulations on the operation of foreign banks.

However, no applications by Swiss Banks were approved when the first 16 foreign banks were set up in Australia. The Swiss Banking Commission says the prerequisites for a new concession for Grindlays have not yet been made. But the commission said the end of the grace period was "not imminent."

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FLOATING RATE NOTES

DUE JANUARY, 1995

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period 22nd April 1985 to 22nd July 1985 has been fixed at 9 per cent per annum. Interest will therefore be payable at US\$227.50 on 22nd July 1985.

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Bank Mees & Hope NV

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April, 1985

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Kleinwort, Benson

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The Long-Term Credit Bank of Japan, Limited

Manufacturers Hanover Trust Company

Midland Bank plc

The Mitsubishi Bank, Limited

National Bank of Canada

Österreichische Länderbank

Société Générale de Banque

Standard Chartered Bank

State Bank of New South Wales

The Sumitomo Bank, Limited

Svenska Handelsbanken Group

The Tokai Bank, Limited

Union Bank of Norway Ltd.

Westdeutsche Landesbank

Westpac Banking Corporation

Co-ordinated by

Credit Suisse First Boston Limited

Morgan Stanley International

Agent Bank

Credit Suisse First Boston Limited

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUE

April 2, 1985

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Sogen Securities Corporation

Swiss Bank Corporation International

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UK COMPANY NEWS

McKechie gains from NZ and domestic sides

Despite a downturn in South African operations, McKechie Brothers lifted first half taxable profits by 17 per cent to £8.08m, against a comparable £6.93m.

The directors are to pay an interim dividend of 2.5p—up from 2p and the first increase for five years. They state that they wish to see a better balance between the interim and the final. The shares closed last night at 151p, up 1p.

Record figures from New Zealand and steady progress in the UK were enough to outstrip the South African downturn, but the directors state that the result would have been "significantly better but for the adverse effects of weaknesses in the currencies of overseas operations."

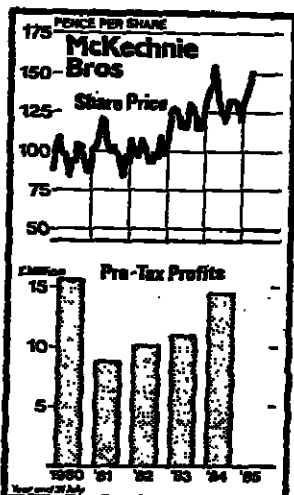
Turnover for the six months to January 31 1984 was also up at £113.06m against £97.18m. The group is a manufacturer of non-ferrous metal and plastic components and copper based chemicals.

The taxable result was after higher interest payments of £1.55m against £1.19m, and was subject to aggregate tax of £3.30m (£2.43m).

In the last full period the group made £14.49 on turnover of £202.83m. Directors indicated yesterday that the first half outcome was likely to be at least doubled in the full year.

● comment

McKechie's exposure in South Africa has been a cause of worry in the past, and the £0.3m downturn there for the half year will bring some knowing winks. But the matter really has been overstated. SA accounts for well less than 20 per cent of total profits, and the group cannot be blamed for either the weak rand—exchange losses accounted for half the slip—or the stagnant economy. Indications are that



the worst is over there, and the full year may even see some improvement. Comparisons with Glyndwr are strictly out. The 70 per cent increase from New Zealand was largely thanks to a boom in exports following devaluation last year and was nicely topped up in the UK, where the full benefit of the integration of the former IMI operations came through, but could drift off in the second half. Investors can expect compensatory growth in consumer products and plastic processing. But the group is less than enthusiastic about his appreciating pound which could wipe out any overseas gains. The big question is the dividend, unchanged since 1980. The increased interim was to reduce disparity, but shareholders will have a right to complain if the directors knock the final pro-rata. With the second half usually stronger, the group can expect to approach £17m in July.

Sumatran plantation deal is reaching final stage

A COMPLEX deal concentrating the Sumatran plantation interests of three companies into one new one is reaching the final stage with a £6.3m fund-raising exercise by the new company, Anglo-Eastern Plantations.

The issue, sponsored by N. M. Rothschild & Sons, is technically an introduction since units are being allotted to shareholders of the three former owners, Anglo-Indonesian Corporation, Plantation & General Investments and REA Holdings, as well as to those of REA's parent, International Investment Trust Co of Jersey.

Dealings in the units will commence in nil paid form next week, giving shareholders of the former parents the chance to remain invested in Sumatra or to renounce their "rights" at a premium.

The offer, to which Hoare Govett is broker, comprises 1.82m units, each comprising four ordinary shares, £1 of 12½ per cent loan stock 1985/89 and a warrant to buy one share, which may be exercised through pay-

ment of loan stock or cash. The unit price is 380p. The three former parents and ITI will subscribe to a total of 255,624 units, and the remainder has been underwritten by Rothschild. REA will hold 32.7 per cent of the company, Anglo-Indonesian 22.5 per cent and Plantation & General 10.2 per cent.

Anglo-Eastern has three developed estates producing rubber and cocoa in North Sumatra. It needs the new money, however, to fund development of a 6,000 hectare oil palm plantation in the Tasik area. The estate is due to be fully planted by the end of 1986, mature by the end of 1989 and in full production by 1993. Projected production then is 40,000 tonnes of palm oil and kernels.

Costs associated with the development include clearing the land, labour, seed, fertiliser, and the establishment of infrastructure such as roads and quarters for the labour force.

British Alcan sustains recovery and cuts debt

BY IAN RODGER

British Alcan Aluminium, part of the Canadian aluminium group, continued its strong recovery last year, with pre-tax profits more than doubled to £40.8m compared with £22.1m in 1983.

Mr George Russell, managing director, said the improvement was due mainly to the benefits of rationalisation in 1983 following the takeover of British Aluminium. Prior to this, Alcan and BA had combined losses of £86.5m in 1981 and 1982.

British Alcan's turnover last year was up 13.4 per cent to £622.6m through a combination of volume and price increases across the group's range of primary, semi-finished and finished products. Operating profits were £71.2m (£44m) and interest charges eased slightly to £21.4m (£21.9m). After tax of £2.4m (£3.1m) and minorities attributable profits reached £47m compared with £18.9m. The group paid off £33m of

its £209.4m borrowings last year, reducing its debt equity ratio from 51:49 to 41:59. (These debt figures exclude £50m in subordinated loans from the parent company.) The emphasis this year will continue to be on debt reduction to reduce the debt portion of total capital to 35 per cent.

However, capital spending is also being raised, from £12m to about £18m this year, mainly for plant refurbishment and minor debottlenecking projects.

Mr Russell said the group's smelters were operating "flat out" and the Lynemouth power station would soon be back to full production after having been shut during the miners' strike. All the fabrication businesses were running at 80 per cent of capacity or better. However, there was still considerable room for upgrading products and cutting costs. Return on capital employed was only 11.6 per cent last year.

DIVIDENDS ANNOUNCED

	Current payment	Date	Corresponding payment	Total of year	Total of last year
Aberdeen Trust ... Int.	2.5p	June 24	1.8p	—	5.25
Benford Concrete	2.75	—	2.75	3.75	3.75
Bentalls	1.75	June 5	1.4p	2.1	1.75
Bette	1	July 2	Nil	1.5	3.3
Borden & Bith ... Int.	1.3	June 7	1.3	—	3.3
Cory (Harace)	1.2	June 12	0.8	3	1.4
John Crowther	1.5	Aug 5	1	1.5	1
First Castle	1.27½	—	1.16	2.12	1.93
Hambro Life	12.5	—	11.1	18.2	15.8
Harris Queensway	2.75	June 24	2.35	4	3.5
Lake View Inv.	3.06	July 1	2.85	4.68	4.4
Laporte	5.55	June 14	4.33	8.75	7
Laurence Gould	2	May 27	1.85	3.3	3.15
Lendu Holdings	1	—	1	1	1
Thos. Marshall	1.2	June 1	1.2	2.4	1.2
McKechie Bros. ... Int.	2.5	June 5	2	7.25	7.25
Scottish Mortgage	4.3	June 27	3.5	7.5	6.4
Securities Scotland	2.7	June 24	2.1	4	3.2
SI Group	0.44	July 1	0.44	—	1.6
Tilbury Group	3.4	June 12	3.1	4.8	4.4
Ward Wharf	4	July 12	3.33	5.98	4.88

Dividends shown per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On repurchase.

‡ Increased by rights and/or acquisition issues. § USM stock.

¶ Unquoted stock. † Partly to reduce disparity.

Hambro Life surplus rises 16% and new business gathers pace

Hambro Life Assurance, now a member of BAT Industries, has reported a 16 per cent increase in actuarial surplus for 1984 from £27.07m to £31.44m.

When the surplus is expressed as a proportion of the number of shares in issue, the increase was 15 per cent—the amount forecast in the documents for the 1984 takeover by BAT Industries.

The dividend for the year is increased by 15 per cent, from 15.5p to 18.2p, with a final payment, to BAT, of 12.8p.

The company is transferring £21.92m to the profit and loss account, which covers the dividend, less waivers, for the year. The retained actuarial surplus has been increased to £38.29m and share capital and reserves at the end of 1984 amounted to £16.17m.

As already reported, new business in 1984, as measured by the increase in total new commissions, rose 5 per cent. Funds under management during 1984 climbed by a quarter—from £2.86bn to £3.56bn.

New business in the first quarter of this year was substantially ahead of that for the first quarter of 1984. Most of this increase arose in pension sales ahead of the Budget—a boom experienced by the whole UK life assurance industry.

However, the company reported that its new savings plan, the Adaptable Investment Plan, designed to meet conditions following the ending last year of tax relief on life assurance premiums, has been well received by the market.

York Trailer sees better return

RESULTS FOR 1984 from York Trailer Holdings did no more than confirm the company's emergence from the recession.

But steps have been taken and are already yielding substantial results. Profits so far in the current year are "significantly larger" than last year and, with important new products coming on stream, the directors feel there is no reason why results for 1985 cannot be "a substantial improvement" on the past year.

The trailer and component order backlog is as great as any in the company's history, and at last the Northallerton plant is taking the necessary longer strides.

Although the debt to equity ratio has reached a "healthy level," the profit does not permit

more than a start in removing the preference dividend arrears. Subject to the present profit holding, the directors will decide of some arrears in addition to the late in the year on the payment current year's dividend.

After paying the £78,256 half year dividend on January 1 last, the arrears total £347,777. In 1984, turnover of this Canadian controlled group showed a slight decrease to £23.31m (£23.42m) and the operating profit to £791,090 (£813,000). However, lower interest charges of £243,000 (£306,000) leaves the pre-tax balance up at £548,000 (£507,000).

The directors say the basic reason for the lack of growth was poor profit margins on sales, plus the Northallerton plant's failure to respond to an upturn in demand. "But an even more

damaging factor was an undue delay in implementation of important plans to rationalise the company's service organisation."

Export sales have yet to make a recovery, the traditional markets in Africa and Middle East remain very flat.

In 1984, company concluded an agreement with the China National Automotive and Industry Corporation under which York components will be made in China with sole exporting rights therefrom vested in York Trailer Holdings.

Anthony Carrimore has been turned around into profit and it now remains to build on that recovery with increased sales which are now slowly occurring. York Technical Services had a good year.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any securities of Anglo-Eastern Plantations Plc (Anglo-Eastern).

ANGLO-EASTERN PLANTATIONS PLC

(Incorporated in England No. 1884630)

Introduction

arranged by

N M Rothschild & Sons Limited

pursuant to an offer for subscription of 1,825,000 units each consisting of four ordinary shares of 25p each ("ordinary shares"), one warrant and £1 nominal 12½ per cent unsecured loan stock 1985-'89 ("loan stock").

The securities of Anglo-Eastern are as follows:

Authorised	Issued and now being issued fully paid
£3,625,000	£4,575,000
£3,825,000	£3,825,000
1,825,000	1,825,000

Application has been made for the securities issued and now being issued fully paid to be admitted to the Official List.

Anglo-Eastern is a new plantation company which has acquired the entire estate interests in Sumatra of The Anglo-Indonesian Corporation Plc, Plantation & General Investments Plc and R.E.A. Holdings Plc. Anglo-Eastern has:

- * a balanced portfolio of estates planted to rubber, cocoa and oil palm;
- * a substantial current planting programme principally in oil palm, but also in rubber and cocoa, which will result in a planted area of 8,219 hectares; and
- * a prospective allocation of a further 18,000 hectares which the Indonesian government has agreed to make available for planting.

Copies of the listing particulars relating to Anglo-Eastern are available in the Extol Statistical Services. Copies of the listing particulars may also be obtained during normal business hours today and tomorrow from the Company Announcements Office of The Stock Exchange and on any weekday (Saturdays and public holidays excepted) up to and including 5th May 1985, from:

Anglo-Eastern Plantations Plc, The Old Rectory, 29 Martin Lane, London EC4A 3DS	N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU	Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB
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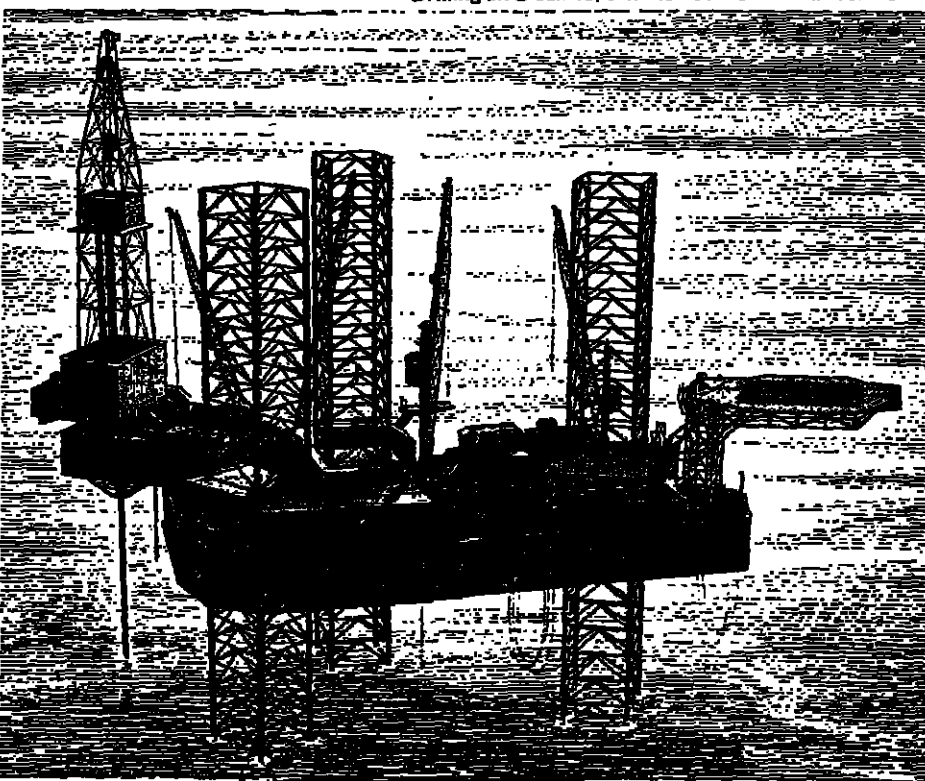
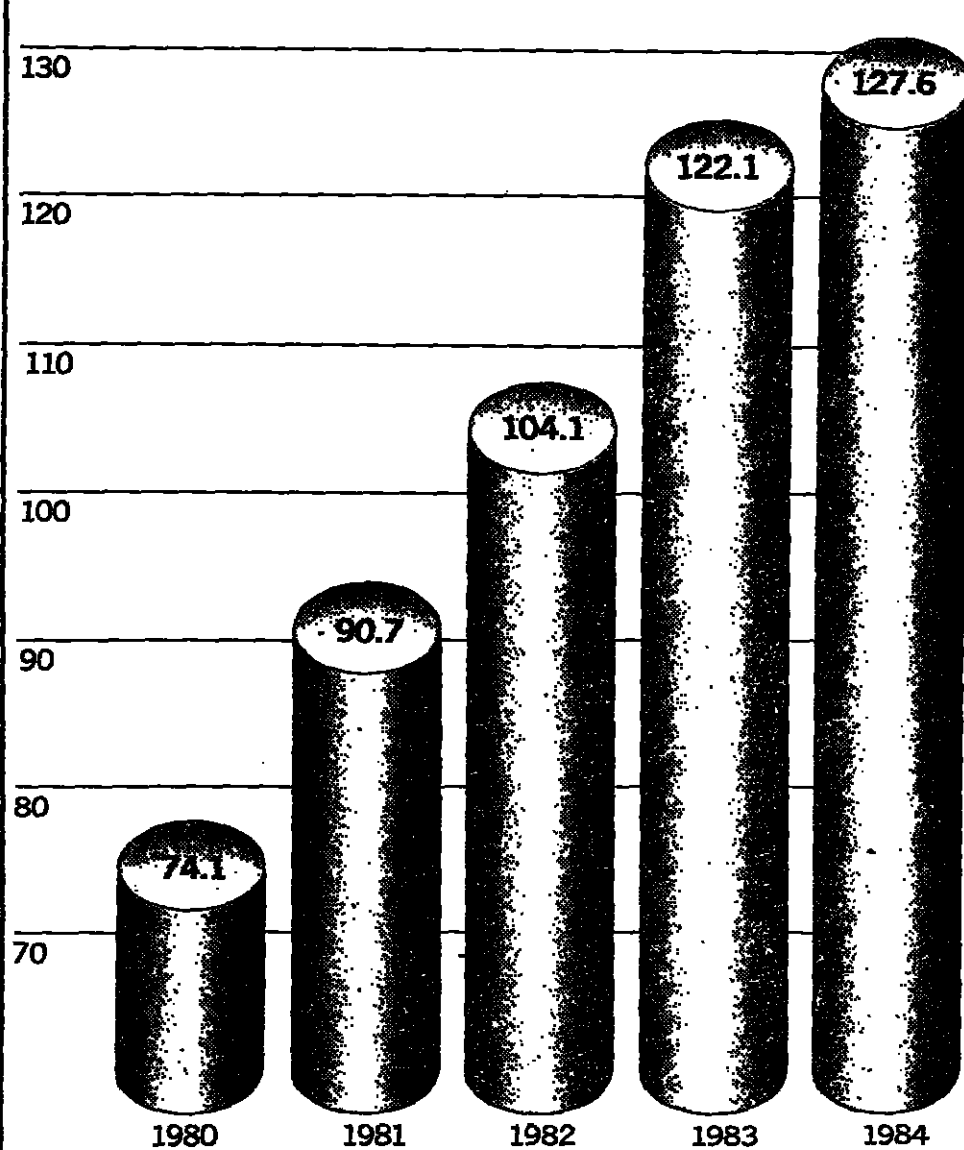
12th April 1985.

Ultramar

ANNUAL REPORT 1984

RECORD YEAR AND CONTINUED GROWTH

- Turnover exceeded £3 billion for the first time
- Net profit increased to £127.6 million
- Net cash dividend increased for the sixth consecutive year to 10p per share
- Oil and gas production reached all-time high of 83,000 barrels per day of oil equivalent
- Capital expenditures of £288 million included purchase of 50% of ENSTAR and additional producing interests in the North Sea
- £400 million capital expenditures projected for 1985
- Expansion of operations should be reflected in increased profitability over the next few years

Net Profit
£ million

Ultramar

Morgan House, 1 Angel Court
London EC2R 7AU

For a copy of the 1984 Annual Report please write to the Company Secretary at the above address

Harris Queensway 6.4% higher

He says much work was undertaken in the year to lay the foundations of growth, and that the firm should not be any constraint to future expansion. Trading in the first half of the year was made difficult by bad weather and rising interest rates, but the second half has been improved since the budget, and this is reflected in the trading figures for all the groups.

Considerable efforts have been devoted to the rationalisation and the reorganisation of the two joint venture companies, particularly in the areas of mer-



In the 1984 results there was a net interest payment of £858,000, compared with £632,000 received, and profit on property transactions was up from £596,000 to £1.04m. The tax charge is much higher at £12.84m (£8m), with the losses in the ventures contributing because no tax benefit can be taken from the £11.6m (£1.6m) share of the trading losses. This leaves the net profit at £1.42m (£1.65m) subject to minority credits £1.34m (debts £380,000).

By Terry Garrett

Ink jet printers have a wide range of industrial applications in the packaging and printing sectors. They can be used, for example, to mark perishable food and beverage products with "best before" dates and coding for stock control purposes.

ings. A further 1.62m shares are being sold by American Technologies, these were originally offered in consideration for the purchase of AT's 49 per cent stake in Domino Amjet.

Ward White tops forecast with the help of Halfords

In the UK, Laporte's pre-interest profits rose from £16.3m to £21.2m on turnover slightly ahead at £134.8m compared with £133.9m. Australia doubled its contribution to £3m on turnover up by £23.6m to £60.3m. Including Interox and other



further purchases this year, though declining to be specific about the size of its targets. Any buy upwards of, say, £50m would have to be financed by paper, but this would not be difficult with shares standing yesterday at 270p, up 14p with an historic

The engineering companies continued to make an increased contribution.

Subsequent to the final settlement of the disposal of Spencer Gears, provisions no longer required were released to extra

Competitive conditions in the group's other divisions however, resulted in lower profits. Roadstone made £866,421 (£1.12m) on turnover of £12.39m (£14.05p), and mechanical services £122,934

With net earnings coming through 4.13p ahead at 5.89p shareholders will receive an increased final dividend of 1.2p, which lifts the total from 1.40

Interest added £1,342 (£29,530). Tax was £502,155 (£139,290). The net balance emerged at £544,894, against a previous £165,185.

With net earnings coming through 4.13p ahead at 5.89p shareholders will receive an increased final dividend of 1.2p, which lifts the total from 1.4p to 2p per 5p share.

A scrip issue on a one-for-one

(£29,530). Tax was £502,155 (£139,290). The net balance emerged at £544,894, against a previous £165,185.

After dividend payments retained profits totalled £357,759 (£33,246).

The Chairman, Lord Hunt of Tanworth GCB, reports:

- Assets increased 14% to £2.7 billion

- Capital resources grew 22% to £118 million
- Operating profit was up 10% to £15.4 million
- FX, LIFFE and ECGD activities all thriving
- BNP a leading dealer in the new ECU market
- BNP active in FRA's, interest and currency swaps
- Major rôle in financing Alwyn North project

8-13 King William Street, London EC4P 4HS. Tel: 01-626 5678. Tlx: 883412

Also in Knightsbridge, Berkeley Square, Birmingham, Leeds, Edinburgh and Manchester

BNP Group Head Office: 16 Boulevard des Italiens, 75009 Paris

Copies of the BNP plc Annual Report are available from the Company Secretary

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Morgan Guaranty Trust Company of New York • Union Bank of Switzerland

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Crédit Commercial de France, London Branch ● *The Dai-Ichi Kangyo Bank, Limited*

The Taiyo Kobe Bank, Limited • *The Tokai Bank, Limited* • *Yorkshire Bank PLC*

The Taiyo Kobe Bank, Limited ● *The Tokai Bank, Limited* ● *Yorkshire Bank PLC*

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Gota (UK) Limited • The Industrial Bank of Japan, Limited

Istituto Bancario San Paolo di Torino, London Branch • *Morgan Guaranty Trust Company of New York*

National Bank of Egypt, London Branch • The Taiyo Kobe Bank Limited

The Tokai Bank, Limited • Union Bank of Switzerland • Yorkshire Bank Plc

Advisor to the borrower

Sterling Brokers Limited

Citicorp International Bank Limited
Agent

Agent

12th April 1985

UK COMPANY NEWS

Berkeley Exploration £10m offer for Anvil

By Ian Hargreaves

Berkeley Exploration and Production has agreed to pay £10m for Anvil Petroleum in the latest of a series of bids involving small UK oil companies.

Berkeley is offering seven of its own shares for each 15 Anvil shares—valuing Anvil at 65.5p a share or £10.2m. A cash alternative, equivalent to 9.9p a share, is also available, subject to the offer becoming unconditional.

The two companies expressed confidence yesterday that the deal will go through and that the combination of Berkeley's position in the North Sea with Anvil's extensive onshore UK acreage will enable the merged company "to take advantage in the future of strategic opportunities which are currently unavailable to each because of their relatively small sizes."

Two key Berkeley shareholders, Elf UK, with 27.2 per cent, and Guinness Mahon Energy, with 7.0 per cent, are backing the plan. But Charterhouse Petroleum, which owns 22.3 per cent, has not committed itself.

Mr Tony Craven-Walker, managing director of Charterhouse, said the company would be unlikely to declare its hand before a shareholders' meeting. "We will need to see more about the details to know whether it makes sense for shareholders," he said.

Charterhouse has in the past expressed an interest in buying Berkeley and in the City last night there was speculation that the company may use the opening created by the proposed merger to make a move of its own.

Viscount Torrington, Anvil's managing director, said that his company's institutional shareholders had expressed support for the plan, although of his major holders, only Finance and Investment International, with 25.2 per cent, had formally declared its acceptance of the offer last night.

Lord Torrington and two other Anvil directors have agreed to join the Berkeley Board. The two companies have a complex history. Anvil, known as Attack Petroleum until 1981, used to have major interests in Pakistan. "Colourful rather than rich," is Lord Torrington's summary. Berkeley has been the subject of a recent power struggle between Mr Paul Bristol and Elf.

The two companies have one important thing in common — both own small stakes in producing North Sea fields — Berkeley in the Forties Field and Anvil in the Claydon field.

These deals were designed to provide a tax shelter for exploration spending, but in Anvil's case the logic has been somewhat undermined by the last Budget, which disallowed onshore spending against tax.

Higher N. Sea oil output boosts Esso to £709m

BY DOMINIC LAWSON

Esso, the UK subsidiary of Exxon, the world's largest oil company, yesterday announced 1984 net profits of £709m, well up on the previous year's output of £511m.

The main reason for the increase was a 10 per cent rise in the company's North Sea oil production, which averaged 366,000 barrels a day. Also the value of each barrel produced by the company increased in sterling terms, thanks to the strength of the dollar, the currency in which oil is traded.

However, the company said its refining and marketing activities had "unacceptable returns." Here Esso found that it was difficult to pass on the increased

sterling costs of oil to the UK consumer. Last week Esso attempted to remedy this by increasing its retail petrol price by 5p to 24.5p a gallon.

For reasons of commercial security Esso refuses to give the figures for the profits of its various businesses, but it seems clear that last year Esso did better in the UK refining and marketing business than its rival, Shell, which made losses there.

However, Esso was prepared to reveal that its gross revenues were £10.1bn, up from £7.6bn, and that it paid taxes and royalties of £2.1bn, a 30 per cent increase on 1983's tax bill.

Mr Archie Forster, the chairman and chief executive of Esso,

said yesterday that without this payment from Esso, the Government would need to put an extra 2p on the standard rate of income tax to maintain its tax revenues.

Esso was also generous to its parent company, Exxon. It has paid the parent company £930m as an annual dividend, compared with only £590m in 1983. Of this year's payout, Esso drew down £200m from retained profits from earlier years.

Last year Esso implemented capital expenditure of £450m, compared with £350m in 1983. Its 1984 return on assets, on a historic cost basis was 24.1 per cent, a considerable improvement on 1983's return of 20.5 per cent.

Takeover bid likely for Stock Conversion

By Michael Cassell

IMMINENT sale of the 22.7 per cent stake in Stock Conversion held by Equity Trust is likely to lead to a full-scale takeover bid for the group.

Through De Zoete & Bevan, Equity has been seeking the highest offer for its holding. Stock is one of the UK's largest property development companies. All bids had to be received by yesterday and several major property groups had made offers.

Stockley, the property company which has just acquired the UK portfolio of European Properties, is known to be among the bidders. British Land is being suggested as a possible buyer which, with Stock Conversion, shares ownership of the Euston Centre in London.

Whichever company picks up the stake, it is bound to consider launching an offer for the remaining equity. The move could well spark off a fight for control involving some of the unsuccessful bidders.

At last night's closing price, up 15p to a record 492p, Stock has a market value of £257m. The property portfolio is conservatively valued at just under £200m and recent City estimates of net assets, including dealing properties at cost, have risen to around 500p a share.

Equity Trust represents family interests of the late Mr Robert Clark, co-founder with Mr Jo Levy of Stock Conversion and the group's former chairman of Stock Conversion. It is now controlled by Mr Robin Clark, his son.

Last month, Mr Peter Levy, the elder son of Mr Levy, was appointed a director of Stock and expressed his continuing confidence in the group's present management and in its ability to ensure "long-term, profitable and independent growth." Any takeover bid seems likely, therefore, to meet with strong opposition.

MINING NEWS

Anglo golds lift dividends

BY KENNETH MARSTON, MINING EDITOR

SOME GOOD interim dividends are announced by the Anglo American Corporation group's Orange Free State gold producers after the reductions of a year ago; as already announced, the mines plan to merge in due course if all goes well.

Western Holdings comes out notably well with a higher than expected payment of 415 cents (169.2p). It goes against 250 cents a year ago and the subsequent final of 315 cents. Welkom, a holder of Western Holdings, is paying 107 cents against 64 cents.

Free State Geduld is paying 315 cents against only 135 cents a year ago. President Brand's latest interim is raised to 250 cents (150 cents) while President Steyn is lifting its payment to 270 cents (210 cents).

East Rand Gold and Uranium (Ergo), the dump retreatment operation, is declaring a final dividend of 37.5 cents for the year to March 31 1985, to make a total of 65 cents (62.5 cents).

April Oct April Oct
F.S. Geduld ... 215 215 35 215
Pres. Brand ... 250 200 180 220
W. Holdings ... 415 315 250 235
Welkom ... 107 62 94 64

The group's March quarterly reports, which complete the South African mining industry's current season, make a mixed showing. They take into account the recent Budget tax increase

and, with the exceptions of Elandrand and Vaal Reefs, reflect higher prices in rands with a lower U.S. dollar equivalent. If exchange rates maintain their present trend the positions could be reversed in the current quarter.

GOLD PRICE RECEIVED (R per kilo-gramme—5 per ounce):

Qtr ended March 31
ERGO ... R20,081
Elandrand ... R19,400
Free S. Geduld ... R19,158
President Brand ... R19,657
President Steyn ... R19,357
SA Land ... R19,336
Vaal Reefs ... R19,253
Western Deep ... R19,253
Western Hidge ... R19,253

Higher rand prices have prompted two mines to go ahead with new shaft-sinking. Free State Geduld proposes to start on its No 10 shaft system which would permit full development of the mine's north-east area.

Western Holdings is to resume work on its Klerks No 2 main shaft which is expected to be in production by 1993.

President Steyn is extending its mining lease area. Rights to precious metals have been acquired over farm Kaalvallei Diamond Mine and agreement

has been reached for the mineral rights on part of farm Klippan, both farms being on the mine's south-eastern boundary opposite the No 4 shaft area.

South African Land and Exploration is considering the re-establishment of underground operations at the Waverley Gold Mines' claims on farm Drie-fontein.

Good profit increases in the March quarter have been achieved at Ergo as a result of improved metal grades while President Steyn has done well due to increased milling.

On the other hand, costs have risen at all times, particularly at Western Deep as a result of spending on major items of equipment. In addition, the mine's tax has risen sharply because of reduced capital expenditure and subsequently decreased the quarter's net profit.

So has that of Vaal Reefs as compared with the previous quarter when there was a dividend from Southvallei; the latter's royalty from Vaal Reefs has risen to R63.8m from R59.7m in the previous three months.

Mar Dec Sept
ERGO ... 27,718 19,800 11,531
Elandrand ... 34,215 26,913 23,163
F.S. Geduld ... 27,226 23,154 20,744
Pres. Brand ... 58,638 44,608 65,468
Pres. Steyn ... 34,739 29,650 30,995
SA Land ... 1,329 2,477 1,190
Vaal Reefs ... 114,255 113,682 93,465
W. Deep ... 67,372 110,176 82,330
W. Holdings ... 47,444 46,802 61,467

M. Brown goes on the offensive

BY CHARLES BATCHELOR

Matthew Brown, the Blackburn-based brewer who is fighting off a £102m takeover bid from Scottish & Newcastle Breweries, went on the offensive yesterday with a detailed attack on the rationale for the offer.

On the day that Matthew Brown posted its defence document to shareholders a group of 20 employees made the trip to London to demonstrate against the bid in the City and outside the Houses of Parliament.

After meeting the brewery workers Mr Dale Campbell-Favours, Labour MP for Workington, where Matthew Brown has one of its four breweries, asked Mrs Thatcher during Prime Minister's question time to refer the bid to the

Monopolies and Mergers Commission. The Campaign for Real Ale yesterday launched a campaign to maintain the independence of Matthew Brown. It has mailed posters and petitions to each of the company's pubs to give the average drinker a chance to register a protest.

Mr Patrick Townsend, the Matthew Brown chairman, argued that takeover of his company would add only 50p to S. & N's existing list of 1,400 pubs and would still leave S. & N. trailing far behind the other major brewers.

"They should address the real issue which for them is one of diversification," he urged. "Buying us would dilute their earnings and still they would still not have begun to address their real problem."

The 11-page defence document compared Matthew Brown's average trading margins of more than 15.5 per cent over the past five years with S&N's margins of between 7.7 and 9.3 per cent.

It argued that Matthew Brown's prize-winning Slalom lager and its Lion, John Peel and Theakston beers were premium products unsuited to S&N's commodity-based approach to beer sales.

Matthew Brown said that its trade mix of one-third of sales going to tied houses and two-thirds to free houses was the right one. It contrasted this with S&N's dependence on take home sales—the most competitive and least profitable area of the beer market.

S&N responded that the Matthew Brown document was "long on emotion and short on financial arguments."

Matthew Brown's shares fell 20p to 388p yesterday, well below the value of 433p placed on its shares by the bid. S&N's shares rose 1p to 133p.

Huntleigh Tech. placing

FULL DETAILS have been released of the placing by brokers Laing & Crickshank of 1.23m ordinary shares at 44.5p a share in Huntleigh Technology.

The placing price has been pitched at 150p, bring the company to the USM on a p/e of 23.7 assuming an annual tax charge. The yield is 1.4 per cent.

Huntleigh, valued at £12.7m, is run by Mr Rolf Schild as chairman, and Mr Peter Epstein as his deputy. The two have been together since 1968 when they formed SE Laboratories which went public in 1963 and was later taken over by EMI.

They later became major shareholders in Huntleigh Group before it disappeared into Flight Refuelling. As part of that deal the non-defence interests of Huntleigh were sold back to Mr Schild and Mr Epstein and these are now returning to the market in the shape of Huntleigh Technology.

Huntleigh has six divisions operating in two distinct markets—medical and industrial. In the year to December 1984 the

group made profits of £710,000 on sales of £6.7m.

Most of the shares being sold represent new money for the company. The reason for going public is to provide flexibility so that opportunities may be taken advantage of. There are no particular acquisitions in mind at present.

Godwin Warren, Central Systems lifted its taxable profit from £278,000 to £508,000 in 1984, on a turnover £15.7m higher at £4.98m. The dividend of this USM company is up from 14p to 2p, the final being 1p.

The group makes electronic and computerised car parking systems and equipment, and railway and safety products. All product sectors achieved growth, says the chairman Mr David Simpson, with the efforts in North America being "particularly rewarding."

Current year indications are such that the organic growth should continue with increased momentum in both domestic and export markets.

Porgera ore reserves upgraded

ORE RESERVES have been upgraded at the Porgera gold prospect in the Enga Province of Papua New Guinea. The joint venture companies Placer Development, MIN Holdings and Reason Goldfields Consolidated, each with a 33 1/3 per cent interest.

Further drilling at zone VII at the prospect has outlined approximately 15m tonnes of ore grading an average 6 grammes gold per tonne. This does not include a high grade sub-zone which contains a probable 1m tonnes grading a high 35g gold plus 55g silver per tonne.

These latest reserves are in addition to those previously announced for the Waruwari section, which remain unchanged at 50m tonnes averaging 3.55g gold and 14.4g silver per tonne.

While much of the Porgera gold is not recoverable by simple cyanide leaching, bench scale tests have indicated an acceptable recovery following pressure oxidation of a sulphide concentrate.

Record gold output of 11,957 oz was achieved in the first quarter of this year by Soas of Gwalia at its low cost operations north of Kalgoolie in Western Australia. Part of the company's

production has been sold forward at prices which will exceed operating costs and revenue from the balance will guarantee profits, it is stated.

The Black Mountain lead-copper-zinc-silver mine in South Africa's north-west Cape made a net profit of R15m (5m) in the March quarter, up from R11.7m in the previous three months. Outstanding debt was reduced by R10m to R5m. It has already reported the U.S. Phelps Dodge is seeking a buyer for its 44.6 per cent stake in the mine. The rest is owned by Gold Fields of South Africa.

MAINTAINING AN EDGE IN A YEAR OF RAPID CHANGE

(Summarised from the 1984 Britannia Building Society Annual Report presented by the Chairman, Sir Hubert Newton, Hon. M.A. (Keele).)



In 1984 the Society's progress was more than maintained despite fluctuations in interest rates during the year.

THE YEAR 1984

Assets of the Society increased by £469 million to £2847 million—an increase of 19.7%. Liquid Assets stood at £673 million, in the form of Trustee investments and cash. Reserves increased by £14 million to £122 million—4.3% of assets. Membership is again in excess of 1,100,000. Mortgage Advances in the year numbered 30,650 and totalled £622 million. Mortgage approvals awaiting completion exceed £100 million. Branches 3 new branch offices were completed and opened to the public. This brings the branches total to 241 spread throughout the U.K. Agencies 124 more were appointed in the year bringing the total number of Agents to 750.

This is my farewell report as your Chairman and as a Board Member. I have been honoured to serve the Society since I joined the then Leek and Moorlands as Secretary in 1933 when assets were £3,400,000.

As I retire at the Annual General Meeting, I shall reflect on many happy memories and associations both at home and overseas.

It is hoped by 30th April, 1985 to attain £3,000,000,000 assets.

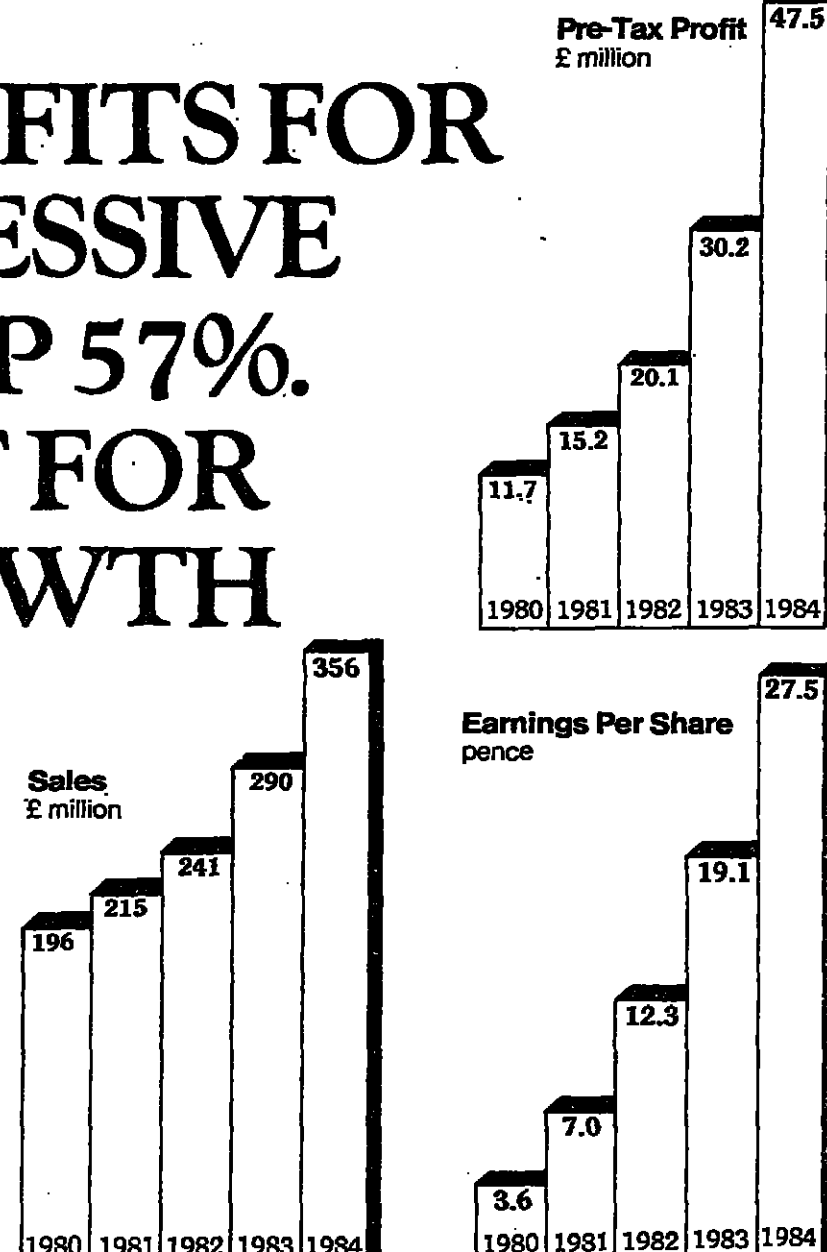


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- Sale of pigments business



The figures above represent an abridged version of the Group's full accounts which have not yet been filed with the Registrar of Companies nor reported on by the Group's auditors.

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THE PROPERTY MARKET BY MICHAEL CASSELL

Bredero builds its way towards the City

BREDERO, the Dutch property development and investment group which has been stepping up its activities in the UK, is considering a London stock exchange listing for its British business.

The move is being seen as an almost inevitable step in the company's UK expansion programme, although Bredero directors are emphasising that no decision on timing has been made.

Luc Zaat, a main board director and the main responsible for the group's property division, said in Utrecht this week: "It is not our intention to remain 100 per cent Dutch-owned in the UK but we have not yet decided when we will seek some degree of public participation. Nothing is imminent."

Bredero has been encouraged by its recent progress in the UK, where it got off to a slow start in 1973. Few overseas developers have attempted to establish themselves in the market but the Dutch group, which has spread its property operations around Europe and to North America, appears to have found a firm foothold in the UK. Now, depending on the outcome of some unresolved planning battles, it is poised on the edge of a major development programme.

According to Luc Zaat: "We believe there are a substantial number of development opportunities for us in Britain. We are not as foreign as we look. We went British early on and have kept it that way. Now it

is paying off." Although its British operations are effectively run as a single entity, Bredero has two holding companies in the UK. Bredero UK Holdings is, through Bredero Projects, responsible for project management and shopping centre management while Bredero UK Holdings represents the group's ownership and investment interests.

Informal

The split reflects the Dutch group's own structure, within which Bredero and Breverast are two independent companies, quoted separately on the Amsterdam stock exchange but informally tied together under the Bredero group banner. Bredero is principally involved in construction, building material manufacture, pipe coating and some property, while the majority of its real estate business is channelled through Breverast, which was created in 1983.

In 1984, turnover of Bredero fell back by 9 per cent to £1.3bn (£317m) and operating profits dropped from £42m (£9.7m) to £29m (£8.7m). The decline was mainly due to problems in its pipe-coating business.

On the property side, Breverast recorded a small fall in operating profits, although the net figure was marginally up at £4.8m (£1.2m). Zaat admits that, without the overseas operations, the property business would have had "one hell of a

job" maintaining profitability.

The increasing dependency on overseas markets looks set to rise still further. Of projects in the planning stage, those scheduled for Holland have been costed at around £470m compared to around £430m in the rest of Europe—mainly in the UK—and £470m in North America.

Bredero entered property in Holland in 1961 and before long was deeply committed, along with several other partners, to one of Western Europe's biggest development projects, the Hoog Catharijne development in the centre of Utrecht. The project, which is only now being finally completed after 18 years, covers a 60-acre site and includes 1.2m sq ft of office space, 700,000 sq ft of shops, an 800,000 sq ft trade fair, 350,000 sq ft of conference space and 200,000 sq ft of residential accommodation.

Overseas, the group's present priorities lie in the UK and in North America, where it started in Canada during 1977. North American operations, based on local partnerships and small management teams, now extend from California to New York, Calgary, Winnipeg and Toronto. Bredero Consulting has just entered into a joint venture agreement to develop a 360,000 sq ft net lettable office tower next to the Transbay terminal in San Francisco. The partner is Northern Group, a local developer, and work on the \$102m project should start in 1987.

Bredero is now closely studying

development markets in the Far East, particularly in Malaysia and any projects undertaken will be done with local partners using local methods of financing.

The group's overseas operations have not, however, been universally successful. In recent years it has ventured into neighbouring countries like Belgium, France and West Germany, not all of which have proved rewarding. After increasing problems in France, the group has now completely withdrawn from that market.

In the UK, the business is headed by Allan Chisholme, former head of economic research at the Scottish Council who joined Bredero when in 1973 it established itself in Scotland to take advantage of the economic expansion generated by north sea oil activity.

Housing

After playing a land assembly role in a joint venture formed to develop land at Hunterston in west Scotland, the group began building houses in Aberdeen. It has now acquired its first development site in the south east of England at Leatherhead and is looking for more land. This year, it will build around 120 houses in all.

Bredero's biggest, completed commercial development so far is the £37m Ashley Centre in Epsom, a 250,000 sq ft shopping complex completed last year and widely recognised as a retail success. The Epsom scheme also in-

cludes 57,000 sq ft of offices which are let to Petrofina. Bredero has a substantial side-by-side stake in the centre, along with Friends Provident. It retains management responsibility.

The group is also waiting for the go-ahead, expected within a month, on a similar-sized centre for Aberdeen. Proposals for a £35m scheme went before a public inquiry in 1980 and were approved the following year. But the decision was challenged on procedural grounds in the High Court and a second inquiry was held last year. The Wordsie property company, which owns a large part of the site and was a major objector to the plans has now joined forces with Bredero. An initial funding agreement was arranged but, if the project goes ahead, it will not necessarily be with the originally proposed financial partner.

The group is, meanwhile, just starting the main, £20m phase of The Maltings at St Albans. The development, which replaced the ill-fated Bryant Mann proposals, will provide 230,000 sq ft of shops—70 per cent of which are already let. Bredero beat names like Norwich Union, Costain and Grosvenor Developments in a design competition.

Bredero is also starting a £17.5m joint project with Merivale Properties to develop 83,000 sq ft of properties and offices in High Wycombe and has recently completed a £7m refurbishment of Exchange

Arcade, Nottingham.

The biggest scheme in the pipeline is at Hammersmith in west London, where since 1980 Bredero has held outline planning consent for 650,000 sq ft of offices on the bus station site. Detailed plans were submitted to Hammersmith council, but the Greater London Council stepped in and said the application was invalid as changes had been made to the proposals. Hammersmith pointed out that the changes had been made to reflect GLC policy and recently the High Court decided in Bredero's favour. The GLC is likely to appeal, however.

According to Chisholme: "It is a superb site for offices. That is why we have stuck with it and why we intend to see it through. We are regularly getting inquiries from major occupiers, even before construction has begun." The development could cost £100m and, with the offices being split into separate buildings, several institutions could be involved. Bredero intends to keep a share of the investment.

Chisholme sums up UK progress so far, although the profits performance remains a closely kept secret: "We have moved cautiously and have gradually made ourselves an acceptable name in the UK development business. People can now see some of the fruits of our labour and judge us on performance. A short while ago any talk of a UK listing would have been unthinkable. Now it has to be seen as a real possibility."

Grosvenor Square picks up Pinstone

GROSVENOR SQUARE PROPERTIES, the development and investment group which arrived on the Unlisted Securities Market early in 1984, is doubling its size by paying £7.1m for Pinstone Holdings, a 12-year-old, private property company operating principally in the Thames Valley.

The purchase will be satisfied in cash, new ordinary shares and loan stock. A further cash consideration may be payable, depending on profits arising from some of Pinstone's current development projects. Nearly all the £4.7m cash element is to be raised by a simultaneous, one-for-one rights issue of 5.9m ordinary shares at 80p each. The shares stood at 105p when they were temporarily suspended in advance of the announcement of the deal. Trading resumes today.

Pinstone is owned by Roger Sturdy, who once worked with Grosvenor chairman Paul Marber when the two men were employed by Edward Erdman, the estate agents and surveyors. Sturdy will be retained on a consultancy basis for one year.

Marber accepts that a rights issue might appear a little cheeky for such a recently listed company but says the decision enables

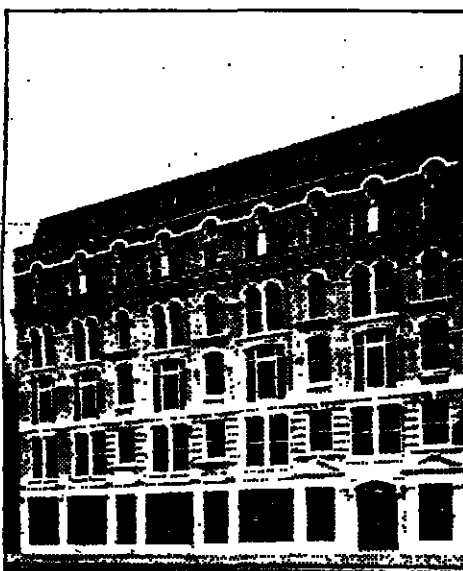
Grosvenor to get its hands on some prime, freehold assets, a useful development programme and over £3m cash from contracted and planned property sales.

Pinstone's portfolio of good quality, mainly freehold properties, have—excluding two being repurchased by Sturdy—an open market value of £8.4m. They include eight income-producing properties worth £3.7m, two of which—offices in Henley on Thames and Reading—are to be retained. The balance will be traded on.

In addition, there are five development sites which Marber says fit in well with Grosvenor's current programme, in terms of size and location. Two of these schemes, at Watlington and Windsor, are under construction and two others in Reading and one in Farnborough should be starting soon. The schemes at Farnborough, Watlington and Windsor will be retained as investments.

Grosvenor estimates pre-tax profits for the year ended March 1985 at not less than £1m and directors intend to recommend a final dividend of 3.5p net making 5.5p for the year. Dividends of not less than 6p are expected for the current year.

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday April 19 1985

WALL STREET

Rates hit by lower GNP data

INTEREST rates fell heavily on the New York credit markets yesterday after the Commerce Department revised its first-quarter GNP statistics to show growth of only 1.3 per cent, writes Terry Byland in New York.

Treasury bill rates plunged to their lowest levels since the end of January, and bond prices soared after traders were caught on the wrong foot by the Commerce Department's announcement. The stock market opened firmly but soon turned down as the implications of a slowing economy were revealed in disappointing profits news from U.S. industry.

At the close the Dow Jones industrial average was down 7.18 at 1,265.13.

Wall Street had expected the revised GNP figures to show little change from the flash estimate of 2.1 per cent growth - indeed, Wednesday brought a rash of rumours that the figure had been upgraded. The Commerce Department news came before credit markets opened and sparked off an immediate fall in the U.S. dollar in New York and a surge in bond prices.

The market's key long bond, the 11.25 per cent of 2015, jumped by more than a

full point to stand at 100 1/4, with the yield down to about 1.30 per cent. During the past fortnight, the long bond yield has fallen by more than 40 basis points.

An equally rapid fall in short-term rates encouraged the stock market at first. Three-month Treasury bills fell a further 16 basis points to 7.61 per cent. Similar falls in CD rates were also stimulated by a dip in Fed funds to 7 1/4 per cent. Twelve-month Treasury bills lost more than 20 basis points.

The stock market opened more than six points higher and was additionally enlivened by the confirmation that Mr Ted Turner had made his threatened bid for CBS, the television news network recently under siege from political conservatives.

However, with motors and technology stocks flagging, after bad news from leading companies, early gains were replaced by losses.

A loss of 5 1/2 to 1 1/2% in IBM reflected general weakness in the sector after dismal corporate news. The weak feature, was Texas Instruments, 5 1/2% down at \$104 1/4 after disclosing a heavy slump in profits. Tandy, which owns the Radio Shack personal computer retail chain, tumbled 2 1/4 to \$34 1/4, with more than 1m shares traded after disclosing a two-thirds fall in earnings. But Control Data, which confirmed losses at its Ohio thrift subsidiary, added 5 1/2 to \$28 1/4.

American Motors was unchanged at \$3 1/4 on plans to cut costs heavily. Other motor issues gave up some of recent gains, with General Motors 5 1/2% down at \$72 1/4 and Ford a similar amount off at \$43 1/4.

CBS opened \$7 up at \$116 1/4, but fur-

ther examination of Mr Turner's "junk bond" financed offer brought out the sellers, taking the stock back to \$108 1/4, a net fall of 1 1/4% in heavy trading. Turner Broadcasting traded unchanged at \$24 1/4 in the over-the-counter market.

Another takeover stock to hit trouble was Unocal. Down \$1 to \$45 1/4, with more than 1m shares traded as some of Mr T. Boone Pickens' financial backers appeared to back down.

Inland Steel shed 5 1/2 to \$23 1/4 on results. Other major stocks to respond to trading news included Dow Chemical, 3 1/2% down at \$28 1/4, Minnesota Mining & Manufacturing, 3 1/2% higher at \$78 1/4, and Schlumberger, 3 1/2% better at \$38 1/4. Transamerica, 5 1/2% off at \$29 1/4, and Rockwell, 5 1/2% off at \$33 1/4, responded coolly to profits statements. At \$55 1/4, Time Inc gave up 5 1/2, also after an earnings report.

R. J. Reynolds, the tobacco group, gained 5 1/2 to \$63 1/4 on the trading figures while Philip Morris, also expected to report progress shortly, slipped 5 1/2 to \$91.

Even the banking sector, which is benefiting from the sudden fall in funding costs in the money market, weakened yesterday. Bankers Trust at \$65 1/4 and Chase Manhattan at \$54 1/4 lost 5 1/2 each.

LONDON

Sterling's rise dulls sentiment

PROSPECTS for an immediate cut in UK base lending rates improved midway through the London session yesterday following release of the first-quarter estimate of U.S. gross national product.

Simultaneous news of a favourable UK public sector borrowing requirement figure gave sentiment a further boost, but a rise in the value of the pound took some of the shine off leading equities and international.

An early afternoon gain of 9 points in the FT Ordinary index was trimmed to a 2.7 point rise, and the index closed at 901.5.

Gilt encountered gains across the board with long rising up to 1/4 in places. Financials were mixed, with Commercial Union 4p down at 227p and Midland Bank 7 1/2p up at 357p. Recently active stores proved a feature, with Harris Queensway 2 1/2p stronger at 212 1/2p and Bantalls 5p cheaper at 97p.

Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33

AUSTRALIA

BHP continued to dominate Sydney trading as the All Ordinaries index recovered some recently lost gain with a 3-point gain to 856.3 while the All Resources index put on 3.8 to 592.0.

The exercising of BHP April options accounted for about 25 per cent of total turnover of 88.67m. The diversified industrial group rose 8 cents to AS6.42.

Woodside Petroleum, which is the target of a joint BHP/Shell Australia bid, put on 1 cent to AS1.80 as the bidders claimed to have secured at least 50 per cent of Woodside's equity.

Elsewhere, Bougainville dropped 2 cents to AS2.38 ahead of production figures. Banks and media issues made strong gains.

SOUTH AFRICA

THE REBOUND in the bullion price boosted Johannesburg gold shares although the firmness failed to surface in other sectors.

Buffels scored a sparkling RT gain to R89, a new high for the year, while Driefontein edged R1 higher to R55.50, just below its 12-month peak. Free State Gold settled 25 cents firmer at R57.75.

The normal follow-through of strength in the gold sector to other areas failed to materialise with diamond share De Beers 10 cents cheaper at R10.25 while industrial leader Barlow Rand fell 30 cents to R11.15.

SINGAPORE

AN INITIAL directionless trend in Singapore found form and took the Straits Times industrial index down 1.37 to 792.10.

Among the actives, Everpeace rose 5 cents to S\$1.20, Promet ended 5 cents higher at S\$1.44 and Malaysian Resources firmed 1 1/2 cents to 73 1/2 cents.

UOB was suspended at S\$3.82 ahead of its announcement of a slump in profits and a one-for-five rights issues.

Other banks saw DBS ease 5 cents to S\$6.05 while Malayan firmed 5 cents to S\$5.85. UOB added 2 cents to S\$4.38.

Plantations edged higher in light trading, and properties were slightly mixed.

HONG KONG

FURTHER losses were sustained in an uneasy Hong Kong that took the Hang Seng index down 5.88 to 1,500.09 after the previous session's fall of over 15 points.

The main feature of the day was the successful HK\$703m bid by Swire Pacific for a prime government development site. Swire traded up to 30 cents cheaper but finished unchanged at HK\$24.10.

China Light suffered one of the sharp declines of the session with a 30-cent drop to HK\$14.80.

EUROPE

A further extension of firmer tone

THE FIRMER tone exhibited in Europe on Wednesday consolidated yesterday, and most bourses tended higher after initial weakness in some quarters.

Paris was buoyed by a smaller-than-expected trade deficit in March and good corporate results.

Metals, the non-ferrous metals holding group, continued its rise after announcing on Tuesday healthy profits for 1984. It added FFf 6 to FFf 116.

Construction issue Bouygues put on FFf 24 to FFf 674 on higher profits for the previous year, and Thomson-CSF added FFf 12 to FFf 580 on the back of support following higher earnings.

Among declines, foods group Lesieur slid FFf 12 to FFf 790 after a sharp drop in profits.

Enthusiasm returned to Amsterdam, boosted by early firmness in the dollar and a continuing downward move in interest rates.

In insurances, Amey jumped Fl 7.50 to Fl 228.50 on buoyant earnings and a hefty dividend. Aegon also rose, putting on Fl 1 to Fl 180.

Internationals, however, were hit late in the session as the dollar began to weaken. Royal Dutch ended 30 cents lower at Fl 202.30, Unilever slid Fl 2.50 to Fl 345.30 and KLM dropped 50 cents to Fl 60.

The bond market remained subdued ahead of next week's tender for the new 7.75 per cent state loan. Prices ended mixed to lower, with gains or losses of between 10 or 20 basis points.

Insurers were again in the limelight in Zurich on further consideration of healthy profits. Winterthur added SwFr 55 to SwFr 3,960, Zurich Versicherung SwFr 400 to SwFr 23,000 and Swiss Re SwFr 75 to SwFr 10,525.

Further consideration of the better results at George Fischer took the price up SwFr 2 to SwFr 712, and foods group Nestlé profited from a surge in income, adding SwFr 25 to SwFr 6,425.

Bonds closed firm with some issues gaining as much as 50 basis points.

A late rally in Frankfurt as the dollar

declined pulled some issues back to their highs of the day, but most finished mixed.

Banks suffered most from the dollar's position. Bayerische Vereinsbank fell DM 4 to DM 340, Deutsche Bank was DM 3.30 lower at DM 469.70, Dresdner slid DM 3 to DM 230 ex-rights and Commerzbank lost DM 2.50 to DM 170.20.

Siemens, however, continued its strong performance, adding DM 2.10 to DM 547.60 ex-dividend, and Brown Boveri put on DM 1.20 to DM 214.20.

Car issues were generally higher, reversing the previous day's trend. BMW put on DM 2 to DM 376, and Daimler, at DM 682, was DM 1 higher.

Bonds recovered from early lower prices to end little changed, and the Bundesbank sold DM 40.5m of paper after DM 34.5m on Wednesday.

The slight decline in Brussels witnessed in the past few days halted as stocks stayed steady to slightly higher.

Cockerill added Bfr 15 to Bfr 241, and Sofina was up Bfr 60 at Bfr 7,280, while Solvay lost Bfr 90 to Bfr 4,020, ahead of higher earnings and a proposed dividend increase.

Stockholm ended marginally up with interest centring on Skandia. The insurer's shares were suspended before it announced plans to seek a bourse listing for its international holding company.

Milan ended higher in the first session of the new trading month, but Madrid could not sustain Wednesday's momentum and fell sharply.

TOKYO

Sharp drop follows weak rally

BIOTECHNOLOGY-related issues were sold heavily in Tokyo yesterday to take the Nikkei-Dow market average sharply lower amid mounting disappointment at the previous day's weak rally from Tuesday's record slide, writes Shigeo Nishiwaki of Jiji Press.

The index plummeted 249.24 to 12,052.82, the fifth biggest drop on record. Volume amounted to 368m shares, down from 441m on Wednesday. Declines outnumbered advances 559 to 223, with 128 issues unchanged.

A major securities company official said heavy sales were triggered by an across-the-board decline in leading biotechnology-related issues. Another factor was that equities on Wednesday recovered less than one third of the ground lost the previous day, he said.

Yamanouchi dropped a maximum Y500 to Y3,160, Dainippon Pharmaceutical a maximum Y350 to Y4,800 and Green Cross a maximum Y250 to Y2,800.

Nissan Chemical eased Y12 to Y430 on the biggest volume of 20.47m shares. The issue had soared Y80 the previous day on investor interest in its possible tie-up with Dow Chemical. Teikoku Oil, an Y80 gainer on Wednesday, shed Y7 to Y778 following the yen's slide against the U.S. dollar, and Dowa Mining moved down Y24 to Y736.

Asahi Chemical, the second busiest stock with 9.25m shares traded, weakened Y37 to Y823, Mitsubishi Chemical Y10 to Y458, Sanriku-Ocean Y70 to Y940 and Toyoko Y90 to Y1,570.

New materials-related stocks also dipped. Mitsubishi Steel fell Y45 to Y675, Riken Y9 to Y751, Nihon Cement Y16 to Y259 and Sumitomo Cement Y29 to Y353.

Conversely, American Depository Receipts-related issues firmed in small-lot buying after overnight gains on Wall Street. Matsushita Electric Industrial strengthened Y40 to Y1,440 and Pioneer Y70 to Y2,490.

However, market sources believe active buying of ADR issues by non-residents is unlikely. Foreign buy orders through the four main securities companies remained small at 7.5m shares against sell orders for 19.50m.

Bonds eased. Dispirited by lower U.S. bond prices and the yen's depreciation, institutional investors kept a low profile, awaiting news of the flash estimate of the first quarter U.S. gross national product.

The yield on the benchmark 7.3 per cent government bond maturing in December 1993 rose from 6.835 per cent to 6.850 per cent.

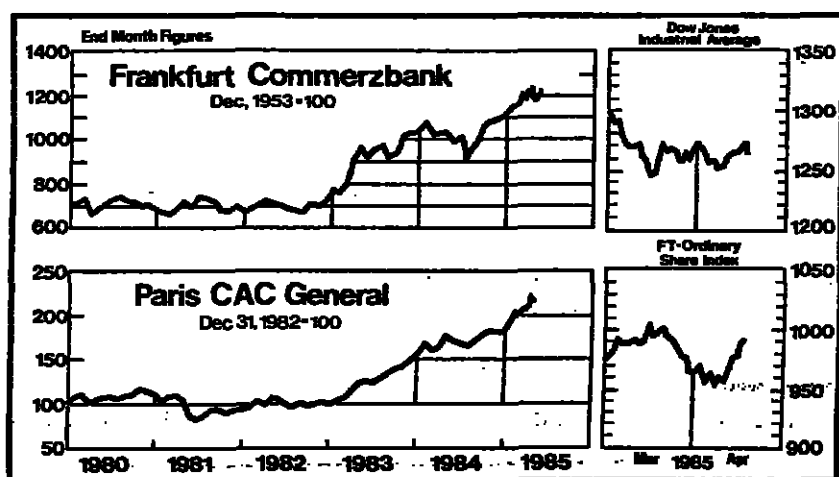
CANADA

OILS dominated a fluctuating Toronto as early gains were largely eroded.

Among the most actives, Gulf Canada was C\$3 1/2 lower at C\$19 1/4, Turbo Resources traded 3 cents higher to 84 cents and Dome Petroleum dipped 5 cents to C\$3.40.

Banks displayed a measure of resistance to the downturn in Montreal.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 18	Previous	Year ago
DJ Industrials	1,265.13	1,272.31	1,156.51
DJ Transport	589.48	594.33	499.69
DJ Utilities	156.03	155.62	128.93
S&P Composite	180.84	181.68	157.9

LONDON	April 18	Previous	Year ago
FT Ord	991.5	988.8	880.0
FT-SE 100	1,305.5	1,304.0	1,116.2
FT-A All-share	628.89	628.58	528.85
FT-A 500	682.12	689.68	568.18
FT Gold mines	507.2	521.2	683.2
FT-A Long gilt	10.46	10.51	10.28

TOKYO	April 18	Previous	Year ago
Nikkei-Dow	12,052.82	12,302.06	10,332.80
Tokyo SE	942.34	953.9	853.5

AUSTRALIA	April 18	Previous	Year ago
All Ord.	856.2	853.4	759.2
Metals & Mins.	559.9	556.7	536.5

AUSTRIA	April 18	Previous	Year ago
Credit Aktien	75.05	75.35	54.94

BELGIUM	April 18	Previous	Year ago
Belgian SE	2,220.48	2,224.51	-

CANADA	April 18	Previous	Year ago
Toronto	2,069.3	2,067.8	2,187.0
Metals & Mins.	2,846.5	2,847.3	2,381.0

FRANCE	April 18	Previous	Year ago
CAC Gen	218.6	214.3	171.8
Ind. Tendence	118.9	117.7	89.9

WEST GERMANY	April 18	Previous	Year ago
FAZ-Aktien	423.52	421.28	348.61
Commerzbank	1,225.9	1,220.7	1,024.0

HONG KONG	April 18	Previous	Year ago
Hang Seng	1,500.09	1,505.97	1,090.20

ITALY	April 18	Previous	Year ago
Banca Com.	273.31	270.51	216.37

NETHERLANDS	April 18	Previous	Year ago
ANP-CBS Gen	207.7	206.6	160.3
ANP-CBS Ind	165.1	165.1	128.0

NORWAY	April 18	Previous	Year ago
Oelo SE	312.79	310.33	281.47

SINGAPORE	April 18	Previous	Year ago
Straits Times	792.10	793.47	590.84

SOUTH AFRICA	April 18	Previous	Year ago
Gold	n/a	1,113.8	1,029.8
Industrials	n/a	985.9	1,055.9

SPAIN	April 18	Previous	Year ago
Madrid SE	110.15	110.86	82.11

SWEDEN	April 18	Previous	Year ago
J & P	1,431.44	1,428.03	1,527.88

SWITZERLAND	April 18	Previous	Year ago
Swiss Bank Ind	420.6	419.2	373.4

WORLD	April 17	Prev	Year ago
Capital Int'l	204.1	204.0	188.4

GOLD (per ounce)	April 18	Prev	Year ago
London	\$327.25	\$328.25	\$328.25
Zurich	\$328.00	\$327.05	\$327.05
Paris (fixing)	\$326.64	\$329.23	\$329.23
Luxembourg	\$324.75	\$328.75	\$328.75
New York (June)	\$330.80	\$327.50	\$327.50

COMMODITIES	April 18	Prev	Year ago
(London)	April 18	Prev	Year ago
Silver (spot fixing)	\$07.36p	\$07.20p	\$07.20p
Copper (cash)	\$1.173.00	\$1.216.50	\$1.216.50
Coffee (May)	\$1.965.50	\$2.052.00	\$2.052.00
Oil (spot Arabian light)	\$27.65	\$27.65	\$27.65

FINANCIAL FUTURES	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)	72-07	72-17	72-01	71-12
U.S. Treasury Bills (IMM)	92-18	92-25	92-03	91-58
Certificates of Deposit (IMM)	91-59	91-55	91-41	91-35

COMMODITIES	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)	72-07	72-17	72-01	71-12
U.S. Treasury Bills (IMM)	92-18	92-25	92-03	91-58
Certificates of Deposit (IMM)	91-59	91-55	91-41	91-35

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WORLD STOCK MARKETS

AUSTRIA				GERMANY				NORWAY				AUSTRALIA (continued)				JAPAN (continued)				OVER-THE-COUNTER				LONDON														
Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or		Apr. 18	Price	± or				
Creditanstalt	896	+6		AEG-Telef	113.6	+0.7		Bergens Bank	141	+0.5		Gen. Prop. Trust	8.15	+0.02		MHI	853	-2		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Ex 12% 1990	1104	+4				
Gesetz	440	+12		Altektech	111.8	-0.3		Borgerbank	337	+1		Harold 4/1985	3.08	+0.02		Mitsui	340	+10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Ex 13% 1990	1112	+4				
Industribank	980	+9		Bayer	394.8	+0.3		Christiania Bank	141.5	+0.5		ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Anvil Pet	60	+10				
Perinorbank	413	+12		Bayer-Hypo	348.5	-0.6		Danmarkske Cred	181	+1.5		ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Belhaven Brew	39	+6				
Schaffner	132	+5		Bayer-Verein	361	-1.2		Elken	141	+1.5		ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Bespak	228	+18				
Volksbank	398	+5		Bayer-Verein	361	-1.2		Norsk Data	400	+2.5		ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Carless Capel	160	+10				
				Bayer-Verein	361	-1.2		Norsk Hydro	112.5	+2		ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Goldberg (A.)	59	+10				
				Bayer-Verein	361	-1.2		Storebrand	243	+2.5		ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Harris Queens	212	+20				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Hepworth Cer	207	+7				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Land Sec	357	+7				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Midland Bank	240	+8				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	North Foods	680	+20				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Penal Inds	382	+15				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Reuters B.	130	+15				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Rolle & Nolan	210	+10				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Smiths Inds.	492	+15				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Stock Union	395	+8				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Taylor Wood	447	+7				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Thorn EMI	447	+7				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77	Ward White	270	+14				
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2						ICI Aust.	1.9	+0.01		Nippon Express	554	-10		AMC	1	220	7.16	7.16	7.16	Comptel	24	77	77	77	77							
				Bayer-Verein	361	-1.2				</																												

LEISURE Continued

1975		Stock		Price		Vol		P/E	
High	Low			Open	Close	Vol	Div	Ratio	
182	144	Alcoa Inc.	162	142	140	140	140	7.7	14.5
183	145	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
184	146	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
185	147	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
186	148	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
187	149	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
188	150	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
189	151	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
190	152	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
191	153	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
192	154	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
193	155	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
194	156	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
195	157	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
196	158	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
197	159	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
198	160	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
199	161	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
200	162	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
201	163	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
202	164	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
203	165	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
204	166	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
205	167	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
206	168	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
207	169	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
208	170	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
209	171	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
210	172	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
211	173	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
212	174	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
213	175	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
214	176	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
215	177	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
216	178	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
217	179	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
218	180	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
219	181	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
220	182	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
221	183	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
222	184	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
223	185	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
224	186	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
225	187	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
226	188	Amgen Tech Int 20p	156	156	156	156	156	13.7	15.5
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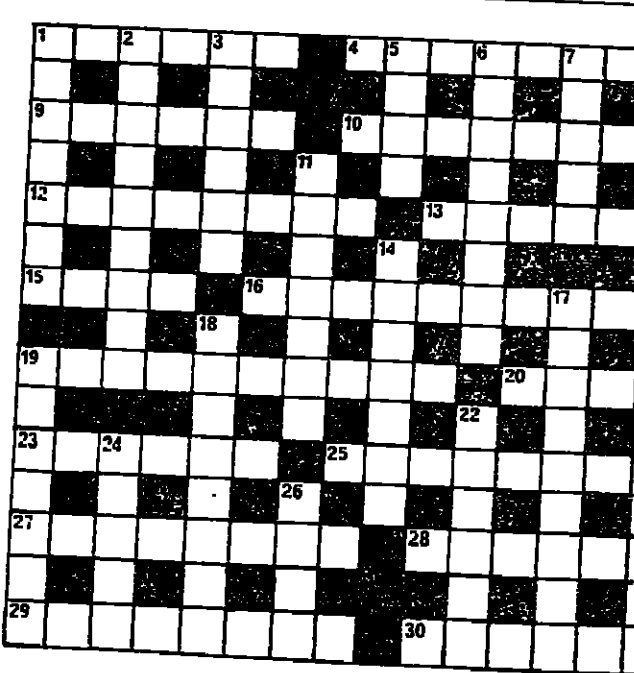
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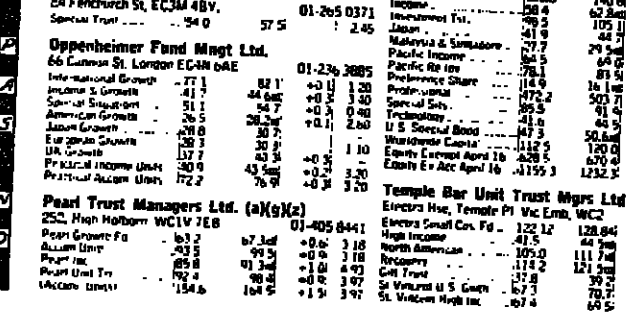
Financial Times Friday April 19 1985		
<p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p> <p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p> <p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p>	<p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p> <p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p> <p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p>	<p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p> <p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p> <p>City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance City of Westminster Assurance</p>

**F.T. CROSSWORD
PUZZLE No. 5,697**

- ACROSS**
- 1 Surgeon in hospital is terribly overworked (6)
 - 4 A hundred remains, and only that is material (8)
 - 9 Dropped since involved in a plot (6)
 - 10 Seat cover broken, so the story goes (8)
 - 12 Organisation with cunning can be a pest (8)
 - 13 Being overfed, aim to put up some resistance (6)
 - 15 The playboy's comely (4)
 - 16 Used to support the worker (6-4)
 - 19 The beauty causing many rows is badly made-up (8)
 - 20 Prevent vessel turning (4)
 - 23 Expertise is apparent in the German tier (6)
 - 25 Not in favour of a brochure constituting an agreement (8)
 - 27 Write in bed in quarters (8)
 - 28 Rather superior when complete (6)
 - 29 Eccentric loves bad characters to be discharged (8)
 - 30 Beasts taking in aluminium merchant (6)
- DOWN**
- 1 Hide the real effects (7)
 - 2 They cause disturbance in the main (3-6)
 - 3 A number make the sound "aye-ay" (6)
 - 5 She's written two articles—one been sent back (4)
 - 6 Dicky had a nice rack (8)
 - 7 To call up is all right in the evening (5)
 - 8 Half of them finished up improved (7)
 - 11 Brisk with everybody for example backing good (7)
 - 14 Hills after a fellow, a generous man (7)
 - 17 Calculating, but genuine about bearing up (8)
 - 18 Relating to change as essential (8)
 - 19 This island was the making of one painter (7)
 - 21 An American sportsman in jug (7)
 - 22 Industrial action to produce an impression (6)
 - 24 Sprays of lovely flowers (5)
 - 26 Risk holding bottle-opener, being clever (4)



Solution To Puzzle No. 5,696



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COMMODITIES AND AGRICULTURE

Coffee futures at 12-month lows

BY OUR COMMODITIES STAFF

COFFEE FUTURES prices fell to their lowest in 12 months on the London market yesterday, reflecting sterling's extended gains against the dollar. The July position ended about 12 above its low point, but was still 687 down on the day at \$2,075.50 a tonne.

The July price had opened quite strongly, reaching \$2,105 a tonne in the morning session, in response to sterling's initial softness. The price slipped back in thin trading conditions at the pound made ground against the dollar.

In the absence of significant fundamental factors the coffee market has been almost totally dominated recently by currency factors, which have resulted in nearby values falling by about \$400 a tonne since mid-March.

Meanwhile, the International Coffee Organisation (ICO) producer and consumer members have been meeting in London to discuss a resolution on problems regarding exports by members to non-members. Reuter reports. Delegates said consumers had submitted a draft resolution more or less based on producer proposals, which were aimed at

Cash aid for pig disease fund urged

BRITAIN'S Ministry of Agriculture was called upon by a Commons committee yesterday to help pig farmers meet the cost of a greatly overpriced programme to eradicate the killer disease known as Aujeszky's disease.

The farmer-funded scheme, in which selected pig herds have been slaughtered since 1983, was originally forecast by the ministry to cost £2m, but difficulties in carrying out the required slaughtering have been such that the cost has since risen to more than £15m. The Commons agriculture committee says in its report.

"It is clear to us that there has been a good deal of muddle and some serious mismanagement in carrying out the scheme," the report says.

It recommends that the ministry should immediately open discussions with producers with a view to starting the additional costs with them.

● **INDIA'S** tea-growing areas have had favourable weather so far this year and, if it remains good for the rest of 1983, production will exceed the targeted 850m tonnes set for 1983. Mr. Munster Ahmad, chairman of the Indian Tea Association, said. Last year output was 632m tonnes.

● **SOVIET** sowing has been held up in some areas by problems in farm machinery and servicing, the daily Soviet newspaper Rossiya said. Factories producing spare parts and basic units for tractors and ploughs were not meeting demand on time, and 4,000 tractors were idle because of battery shortages.

● **INDONESIA** plans to increase output at its largest oil field at Ombel, western Sumatra, to more than 2m tonnes a year by 1990 from 500,000 last year. The oil field is owned by the state-owned Pertamina. A current expansion programme, using a British loan of £12.75m, will raise Ombel's output to 1m tonnes next year, the company said. Two more projects under study would increase capacity by an additional 1.1m tonnes by 1990.

Canute James on the background to the reopening of Alcoa's refinery

Slim ray of hope for Jamaican bauxite

THESE ARE trying times for the bauxite industry in Jamaica, the world's third largest producer.

Last week's agreement between the Aluminium Company of America (Alcoa) and the Government to reopen the company's refinery in central Jamaica has brought some relief to the gloom which has overtaken the industry. There appears no end, however, to the steady decline in output and earnings.

Two years ago, the annual output of Jamaica's mines was 12m tonnes. Last year it was 8.5m tonnes, and Dr Carlton Davis, executive director of the Jamaica Bauxite Institute, says this year it is likely to be 6m tonnes.

The island's battered economy depends on bauxite mining and refining for about 60 per cent of its foreign income earnings. Bauxite earnings, however, have fallen from \$378m (£296m) in 1980 to \$250m last year.

In 1970 Jamaica accounted for 21 per cent of the world's bauxite output. Its share last year was 10 per cent and falling.

The causes of the fall in output have been the uncertain state of the aluminium market and the decreasing competitiveness of Jamaica's bauxite industry.

Alcoa closed the 800,000 tonnes a year refinery in February, claiming there was a glut

of alumina in the company's system and that the Jamaican plant was a high cost producer.

Under the agreement for reopening the refinery, Clarendon Aluminium products, a Government-owned company, has leased the plant from Alcoa and has given the company a management contract to operate it.

The Government says it is aiming at an output of 600,000 tonnes a year from the refinery, and the markets for its output have already been found.

The closure of the plant cost the Jamaican economy about \$60m in export earnings and revenues. Operating the refinery now could cost more.

Mr. Edward Seaga, the Prime Minister, says half the plant's output will be sold at a profit and the other half at a loss. Breaking even appears to be the first objective.

The Government was taken by surprise by the Alcoa closure because the company recently spent about \$15m refitting the plant. There was similar surprise just under a year ago when Reynolds Metals closed its bauxite mining subsidiary in Jamaica.

Consequently, there is cold comfort for the industry in the fact that Alumina Partners of Jamaica (Alpart), owned by

Kaiser, Reynolds and Atlantic Richfield, recently spent \$80m on building a 9-mile conveyor system to exploit new mines for its 1.2m tonnes a year refinery.

Mr. Hugh Hart, Jamaica's mining minister, says: "The cloud hanging over Alpart is real. The plant has been operating at 50 per cent of capacity and has been very expensive. It also has a problem of energy efficiency. It is really in jeopardy."

Companies mining and refining in the island have complained that a production levy imposed unilaterally by the Government in 1974, and adjusted twice since through negotiations with the companies, has made their operations uncompetitive.

Mr. Wesley Hughes, economist with the Bauxite Institute, says Jamaica's earnings from the industry rose from \$37m in 1973 to \$178m in 1974. In the following decade the levy earned \$1.81bn on production of 118.5m tonnes of ore. In the previous decade, the country had earned \$69.8m from 11.8m tonnes.

Mr. Hart says: "The solution to the problems of competitive ness cannot be found in the levy alone. The present levy regime is designed to encourage incremental production."

The levy is now indexed at 6 per cent of average realised market price for primary aluminium, as stated in the

Securities and Exchange Commission's reports on Kaiser, Alcoa, Reynolds and Alpart.

The original levy was indexed at 7.5 per cent of the average realised market price for aluminium on the U.S. metals market. This was reduced to 6.5 per cent in 1979.

Mr. Hart says there is much that the Jamaican industry has going for it. "Mining is cheap in Jamaica. The mines are close to the ports and the island is close to the largest consumer."

This, however, does not appear to be discouraging companies from moving to areas such as Australia and Brazil, where deposits are situated close to cheap energy.

In an effort to combat the problem, the Government has become an active agent in selling bauxite and alumina, accounting for about 40 per cent of all sales last year.

Barter and counter trade pacts have been agreed with General Motors and Chrysler Corporation of the U.S. Venezuela is buying 1m tonnes of alumina over seven years.

The Government has also managed to sell 3.6m tonnes of ore over the past three years to the U.S. strategic mineral stockpile, and the Soviet Union is also buying 1m tonnes of ore over seven years.

There is, however, a general feeling that the fortunes of the industry are outside Jamaica's

Honduras aims for 20% increase in banana output

BY TIM COOME IN TEGUCIGALPA

HONDURAS, one of the world's leading banana producers, is hoping to boost banana output by up to 20 per cent through an export incentive scheme.

Last year's Honduras exported 40m 40-lb boxes through the United Fruit and Standard Fruit companies to make new investments in Honduras and to increase production.

"We are not doing anything until we see the incentive scheme fully approved, though," Standard Fruit was less enthusiastic over the proposal.

Reaction from the fruit companies has been mixed.

Dr. Eduardo Arce, vice-president of United Fruit, which exported 25m boxes last year, said that the combination of this move and new tax reductions on imports meant that it was worth making new investments in Honduras and to increase production.

"The offer is not enough and the threshold is too high,"

"The Honduran banana is the most expensive in the world and even export the 15m boxes we exported last year."

The National Congress passed the scheme three weeks ago but it is still awaiting presidential approval.

Mr. Moises Starkman, the president's economic adviser, said he expected to see an increase of up to 3m boxes of exports this year alone, and indicated that the president would give his approval to the scheme.

However, a constitutional crisis involving the presidency and National Congress is creat-

ing a backlog of new legislation. The Honduran Government has been under considerable pressure to devalue its currency as an export incentive and to reduce labour costs.

Mr. Starkman is opposed to devaluation. He said: "Look at Costa Rica: they devalued, and United Fruit left. It brought no advantage."

Also, labour is well organised here, and we have been advised by the unions that if there is any change in foreign exchange rates, this will trigger an immediate wage demand."

Gentle rise in gold price predicted for this year

THE OUTLOOK for the price of gold this year is not encouraging and there is little to indicate a major bull market, the Economist Intelligence Unit says in a report called Inflation Shelters 1983. Reuter reports.

The outlook for gold should be a gentle rise in the price of gold, the report says. However, the price is unlikely to go beyond \$400 an oz and \$380 will provide a strong upside technical resistance.

It notes that the market has been under pressure from the strong dollar, high real interest rates, low inflation and depressed oil prices.

A further decline to below \$275 an oz is, however, seen as unlikely in view of high production costs, and the value of the South African rand against the dollar. There will be an increase in demand if the

price falls below \$300, it says.

It is said to be uncertain, but the price is not expected to breach \$350 an oz. Chronic oversupply and vast above-ground stocks are unlikely to be alleviated; all the underlying mining countries are expected to increase output; and scrap recovery will continue, the report says.

There is scope for improved silver output this year. In the photographic sector, but the outlook for consumption in other sectors remains mixed.

The fate of the London gold futures market is expected to be sealed today, John Edwards writes. A meeting of the 38 member companies, who bought loan stock worth over £2m in total, will be asked to approve resolutions that the company should go into voluntary liquidation.

LONDON MARKETS

STERLING'S strength yesterday pushed copper prices down sharply on the London Metal Exchange. Concern about a developing squeeze on supplies available for nearby delivery had been supporting the cash high-grade position, but yesterday's \$43.50 fall to \$11.73 a tonne fully reflected the currency factor.

Squeeze fears had resulted in the cash position moving to a \$25.25 a tonne premium over the three-month delivery price on Wednesday.

COPPER a.m. + or - p.m. + or -
COPPER Official - Unofficial -
High Grade £ £ £ £
Cash 1209.10 -1.5 1172.4 -4.5
3 months 1181.25 -2.75 1157.5 -3.4
Settlement 1210 -2.4 -

Amalgamated Metal Trading reported that in the morning three months high grade trading had been steady, 95, cash £1,208.00, 09.30, 10, the high grade £1,195.30, Cathodes: Three months £1,195.30, 09.30, 10, the high grade £1,175.75, 25.75, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 135, 140, 145, 150, 155, 160, 165, 170, 175, 180, 185, 190, 195, 200, 205, 210, 215, 220, 225, 230, 235, 240, 245, 250, 255, 260, 265, 270, 275, 280, 285, 290, 295, 300, 305, 310, 315, 320, 325, 330, 335, 340, 345, 350, 355, 360, 365, 370, 375, 380, 385, 390, 395, 400, 405, 410, 415, 420, 425, 430, 435, 440, 445, 450, 455, 460, 465, 470, 475, 480, 485, 490, 495, 500, 505, 510, 515, 520, 525, 530, 535, 540, 545, 550, 555, 560, 565, 570, 575, 580, 585, 590, 595, 600, 605, 610, 615, 620, 625, 630, 635, 640, 645, 650, 655, 660, 665, 670, 675, 680, 685, 690, 695, 700, 705, 710, 715, 720, 725, 730, 735, 740, 745, 750, 755, 760, 765, 770, 775, 780, 785, 790, 795, 800, 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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on GNP figure

The dollar fell to its lowest level for five months in currency markets yesterday, following a sharp downward revision in U.S. first quarter GNP. The revised calculation showed a growth rate of 1.3 per cent after a previous flash estimate of 2.1 per cent and most market expectations of a figure between 2 per cent and 2.5 per cent.

Most commercial banks had squared the dollar in 1985 to 1.625, March average 1.625. Exchange rate index 75.3 from 75.4, having touched a high of 75.9 in the afternoon. The six-month average figure was 74.2. Sterling rose to its best level since last June, benefiting mainly from the dollar's sharp decline. It was slightly lower against

Wednesday and its lowest level since mid-November. Elsewhere it fell to SwFr 2.468 from SwFr 2.525 and Y247.80 from Y248.35. It was also lower against the French franc at FF9.13 from FF9.23. On the flash estimate of GNP, figures the dollar's index fell from 144.1 to 143.0.

STERLING — Trading range against the dollar in 1985 is 1.5815 to 1.625. March average 1.625. Exchange rate index 75.3 from 75.4, having touched a high of 75.9 in the afternoon. The six-month average figure was 74.2. Sterling rose to its best level since last June, benefiting mainly from the dollar's sharp decline. It was slightly lower against

Wednesday and its lowest level since mid-November. Elsewhere it fell to SwFr 2.468 from SwFr 2.525 and Y247.80 from Y248.35. It was also lower against the French franc at FF9.13 from FF9.23. On the flash estimate of GNP, figures the dollar's index fell from 144.1 to 143.0.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% change from 1984	% change from 1983
Belgian Franc	100	44.300	+0.05	+0.07
Dutch Guilder	100	3.760	+0.02	+0.03
French Franc	100	6.559	+0.02	+0.03
German Mark	100	2.363	+0.01	+0.02
Italian Lira	100	1,936	+0.01	+0.02

Changes are for April, therefore positive change denotes a weaker currency. Adjusted calculated by Financial Times.

major European currencies, however, finishing at DM 3.860 from DM 3.87 and FF 11.750 from FF 11.750. It was unchanged against the Swiss franc at SwFr 2.323 and was higher against the yen at Y247.80 from Y248.35.

Encouraging UK PSBR figures tended to be rather overshadowed by U.S. statistics but ultimately may provide additional incentive for an early reduction in UK clearing bank base rates. Against the dollar, sterling closed at 1.5815, 1.5815 up 1.5c from Wednesday, having touched best level of 1.5800.

D-MARK — Trading range against the dollar in 1985 is 3.8610 to 3.865. March average 3.8610 to 3.865. Exchange rate index 75.3 from 75.4, having touched a high of 75.9 in the afternoon. The six-month average figure was 74.2.

YEN — Trading range against the dollar in 1985 is 247.80 to 248.35. March average 247.80 to 248.35. Exchange rate index 75.3 from 75.4, having touched a high of 75.9 in the afternoon. The six-month average figure was 74.2.

Currency	Unit	Rate	% change from 1984	% change from 1983
Japanese Yen	100	247.80	+0.05	+0.07
Swiss Franc	100	2.323	+0.02	+0.03
French Franc	100	6.559	+0.02	+0.03
German Mark	100	2.363	+0.01	+0.02
Italian Lira	100	1,936	+0.01	+0.02

Changes are for April, therefore positive change denotes a weaker currency. Adjusted calculated by Financial Times.

FINANCIAL FUTURES

Sharp rise

There was only one issue of any concern to the London International Financial Futures exchange yesterday, the revised first-quarter U.S. gross national product figure.

The dollar was very quiet and steady, with the lower end of the range of 71.14 to a high of 72.17, before closing at 72.08. Short sterling deposits and gilt futures were higher, although at favourable reaction to the March UK Public Sector Borrowing Requirement was completely overshadowed by the GNP revision, and sterling deposits also failed to break through highs set earlier this week.

LONDON

THREE-MONTH EURO-DOLLAR

Rate	High	Low	Prev
June	91.28	91.32	91.32
Sept	90.70	90.74	90.74
Dec	90.21	90.25	90.25
March	89.72	89.76	89.76
June	89.23	89.27	89.27

Estimated volume 7,629 (7,632)

Previous day's open 17,527 (17,530)

CHICAGO

U.S. TREASURY BONDS

Rate	High	Low	Prev
June	72.10	72.17	72.17
Sept	71.10	71.14	71.14
Dec	70.10	70.14	70.14
March	69.10	69.14	69.14
June	68.10	68.14	68.14

Estimated volume 2,077 (2,080)

Previous day's open 17,527 (17,530)

STERLING INDEX

Rate	High	Low	Prev
June	75.9	75.9	75.9
Sept	75.9	75.9	75.9
Dec	75.9	75.9	75.9
March	75.9	75.9	75.9
June	75.9	75.9	75.9

Estimated volume 7,629 (7,632)

Previous day's open 17,527 (17,530)

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Dec	70.10	70.14	70.14
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June	75.9	75.9	75.9

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Sept	71.10	71.14	71.14
Dec	70.10	70.14	70.14
March	69.10	69.14	69.14
June	68.10	68.14	68.14

POUND SPOT-FORWARD AGAINST POUND

Apr. 18	Day's	Close	One month	% Three
U.S.	1,200.1-2,000	1,200.1-2,000	0.40-0.32c	2.1
Canada	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Norway	4,230-4,230	4,230-4,230	0.40-0.32c	2.1
Denmark	7,225-7,225	7,225-7,225	0.40-0.32c	2.1
France	11,111-11,111	11,111-11,111	0.40-0.32c	2.1
Germany	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Italy	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Spain	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Portugal	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Greece	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Japan	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
South Africa	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Switzerland	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Belgium	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Netherlands	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Australia	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
New Zealand	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Sweden	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Finland	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Ireland	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Portugal	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Greece	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
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Switzerland	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Belgium	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Netherlands	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Australia	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
New Zealand	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Sweden	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Finland	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Ireland	1,718-1,714	1,718-1,714	0.40-0.32c	2.1
Portugal	1,718-1,714	1,718-1,714	0.40-0.32c	2.1

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 18.

[illegible][illegible][illegible]

100Y	1114	11.11	11.85
100Y	1115	10.90	11.93
100Y	1202	8.21	9.89
100Y	1202	8.21	12.08
100Y	1202	8.40	12.21
100Y	95	9.94	9.92
100Y	1804	11.11	11.47
100Y	90	12.50	12.24
100Y	1194	8.95	8.82
101Y	1345	10.91	10.85
100Y	95	10.91	10.80
100Y	1202	9.97	9.94
100Y	1903	12.11	12.17
101Y	1276	8.91	8.91
100Y	1405	8.91	8.78

88 week + 12%

	Chg.	Diff.	Prm.
91Y	82 1/2	- 5 1/2	-2.80
92Y	138 1/2	+ 0 1/2	26.31
93Y	85 1/2	+ 0 1/2	16.64
94Y	88 1/2	+ 0 1/2	16.60
95Y	88 1/2	+ 0 1/2	16.67
96Y	88 1/2	+ 0 1/2	16.52
97Y	88 1/2	+ 0 1/2	16.52
98Y	88 1/2	+ 0 1/2	22.25
99Y	105 1/2	+ 0 1/2	23.40
100Y	105 1/2	+ 0 1/2	23.40
101Y	105 1/2	+ 0 1/2	23.40
102Y	105 1/2	+ 0 1/2	23.40
103Y	105 1/2	+ 0 1/2	23.40
104Y	105 1/2	+ 0 1/2	23.40
105Y	105 1/2	+ 0 1/2	23.40
106Y	105 1/2	+ 0 1/2	23.40
107Y	105 1/2	+ 0 1/2	23.40
108Y	105 1/2	+ 0 1/2	23.40
109Y	105 1/2	+ 0 1/2	23.40
110Y	105 1/2	+ 0 1/2	23.40
111Y	105 1/2	+ 0 1/2	23.40
112Y	105 1/2	+ 0 1/2	23.40
113Y	105 1/2	+ 0 1/2	23.40
114Y	105 1/2	+ 0 1/2	23.40
115Y	105 1/2	+ 0 1/2	23.40
116Y	105 1/2	+ 0 1/2	23.40
117Y	105 1/2	+ 0 1/2	23.40
118Y	105 1/2	+ 0 1/2	23.40
119Y	105 1/2	+ 0 1/2	23.40
120Y	105 1/2	+ 0 1/2	23.40
121Y	105 1/2	+ 0 1/2	23.40
122Y	105 1/2	+ 0 1/2	23.40
123Y	105 1/2	+ 0 1/2	23.40
124Y	105 1/2	+ 0 1/2	23.40
125Y	105 1/2	+ 0 1/2	23.40
126Y	105 1/2	+ 0 1/2	23.40
127Y	105 1/2	+ 0 1/2	23.40
128Y	105 1/2	+ 0 1/2	23.40
129Y	105 1/2	+ 0 1/2	23.40
130Y	105 1/2	+ 0 1/2	23.40
131Y	105 1/2	+ 0 1/2	23.40
132Y	105 1/2	+ 0 1/2	23.40
133Y	105 1/2	+ 0 1/2	23.40
134Y	105 1/2	+ 0 1/2	23.40
135Y	105 1/2	+ 0 1/2	23.40
136Y	105 1/2	+ 0 1/2	23.40
137Y	105 1/2	+ 0 1/2	23.40
138Y	105 1/2	+ 0 1/2	23.40
139Y	105 1/2	+ 0 1/2	23.40
140Y	105 1/2	+ 0 1/2	23.40
141Y	105 1/2	+ 0 1/2	23.40
142Y	105 1/2	+ 0 1/2	23.40
143Y	105 1/2	+ 0 1/2	23.40
144Y	105 1/2	+ 0 1/2	23.40
145Y	105 1/2	+ 0 1/2	23.40
146Y	105 1/2	+ 0 1/2	23.40
147Y	105 1/2	+ 0 1/2	23.40
148Y	105 1/2	+ 0 1/2	23.40
149Y	105 1/2	+ 0 1/2	23.40
150Y	105 1/2	+ 0 1/2	23.40
151Y	105 1/2	+ 0 1/2	23.40
152Y	105 1/2	+ 0 1/2	23.40
153Y	105 1/2	+ 0 1/2	23.40
154Y	105 1/2	+ 0 1/2	23.40
155Y	105 1/2	+ 0 1/2	23.40
156Y	105 1/2	+ 0 1/2	23.40
157Y	105 1/2	+ 0 1/2	23.40
158Y	105 1/2	+ 0 1/2	23.40
159Y	105 1/2	+ 0 1/2	23.40
160Y	105 1/2	+ 0 1/2	23.40
161Y	105 1/2	+ 0 1/2	23.40
1			

GNP figure rpt rush of dollar issues

BY IN LONDON

Swiss bank issues
Friday afternoon
of the revised
of the first quar-
ly large down-
the bond mark-
and helped
rise of ¼ to ½

BNP Bank bond av	
April 18	
101.734	
High	1985
102.860	

the announce-
unched a \$200
Bank Corpora-
which proved
the priced of the
The five-year
coupon and
Sweden an
g taking press
round 40 basis
reasury bond
graded around
for three U.S.
were rapidly
in sight terms.
"Money World,"
anager, happi-
e bidding.

\$50m for Texa-
of Switzer-
for General
man Brothers

Swiss Bank Corporation
the coupon for its Swiss
vertible for Oki Elect
same amount, to 1½ per
issue size was set at the
SwFr 80m.

SBC launched a SwFr
vertible for Ushio with a
year maturity. The indic
is 1¼ per cent.

Handelsbank launched
40m straight issue for S
with an indicated 6¼ per
and a five-year life. Cit
zerland) announced a
straight) for Mayko Elect
market was again fir
prices gaining up to ¼
tone remains positive,
dollar weakening.

Similarly the D-Mark
ket saw a buying spree
dollar fell after the GNP
published. Prices which

CAPITAL MARKETS

U.S. GNP figures prompt rush of Eurodollar issues

BY MAGGIE URRY IN LONDON

A RUSH of Eurodollar bond issues was triggered yesterday afternoon by the publication of the revised U.S. GNP figure for the first quarter. The unexpectedly large downward adjustment set the bond market alight in New York and helped Eurodollar bonds to a rise of $\frac{1}{8}$ to $\frac{1}{2}$ a point.

Within an hour of the announcement, Sweden had launched a \$200 million issue by Swiss Bank Corporation International, which proved easily most generously priced of the four deals to appear. The five-year issue has a 10% per cent coupon and a 98% per cent issue price, giving Sweden an all-in cost of borrowing taking gross fees of 1% per cent around 40 basis points over U.S. Treasury bond yields. The bonds traded around 98% well inside the fees.

The issues were \$250m for Texaco, led by Union Bank of Switzerland (Securities), \$200m for General Electric led by Lehman Brothers (Securities) as co-lead, and \$100m American Express Credit Corp. led by Lehman Brothers.

The shortest maturity was GE's at four years, with a 10% per cent coupon and par issue price. Fees were 1% per cent, giving a cost to GE of only 8 basis points over Treasury bonds.

Amer's deal was a year longer, with a 10% per cent coupon and 98% issue price. With commissions of 1% per cent the borrowing cost is around 40 basis points over Treasuries. Tightest of all was Texaco's 10-year issue, paying a 11% per cent coupon, issued at par. Dealers reckoned the yield with fees of 2 per cent, was about level with Treasury issues.

These three deals came too late to trade actively, although dealers expected them to fall outside their fees unless the New York bond market moved further ahead. The issues may encourage other borrowers to the market, and, without a further rise in prices, underwriters could end up holding even more unsaleable paper.

	Apr 17	Apr 10	High
Composite Corp. AA	12.00	12.17	14.23
Government:			
Long-term	11.28	11.53	13.69
Intermediate	11.18	11.50	13.79
Short-term	10.13	10.46	13.22
Municipal:	n/a	n/a	11.14
Industrial AAA	11.53	11.21	13.88
Industrial AA	12.00	12.52	14.33
Utilities AA	12.01	12.11	14.45
Preferred Stocks	10.75	10.79	12.17

CREDITS

Kredietbank alters plan

**BY PETER MONTAGNON, EUROMARKET
IN LONDON**

BELGIUM's Kredietbank has become one of the first Euromarket borrowers to modify its plans after the recent Bank of England circular imposing capital requirements on underwriting obligations arising out of Euronote facilities.

Lloyds Bank yesterday mandated Lloyds Bank International for a \$100m, seven-year revolving credit bearing a commitment fee of 8% basis points and a margin of up to ¼ point over London Eurodollar rates, depending how much is drawn.

Lloyds Bank declined to comment on the structure of the deal yesterday, but other bankers say it would make no sense unless

'The Changing Face of Venture Capital in Europe'



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OVER-THE-COUNTER

Continued from Page 30

[illegible][illegible][illegible]

	High	Low	Last	Chg
17	194	194	194	+3
18	33	33	33	0
19	34	34	34	0
20	35	35	35	0
21	36	36	36	0
22	37	37	37	0
23	38	38	38	0
24	39	39	39	0
25	40	40	40	0
26	41	41	41	0
27	42	42	42	0
28	43	43	43	0
29	44	44	44	0
30	45	45	45	0
31	46	46	46	0
32	47	47	47	0
33	48	48	48	0
34	49	49	49	0
35	50	50	50	0
36	51	51	51	0
37	52	52	52	0
38	53	53	53	0
39	54	54	54	0
40	55	55	55	0
41	56	56	56	0
42	57	57	57	0
43	58	58	58	0
44	59	59	59	0
45	60	60	60	0
46	61	61	61	0
47	62	62	62	0
48	63	63	63	0
49	64	64	64	0
50	65	65	65	0
51	66	66	66	0
52	67	67	67	0
53	68	68	68	0
54	69	69	69	0
55	70	70	70	0
56	71	71	71	0
57	72	72	72	0
58	73	73	73	0
59	74	74	74	0
60	75	75	75	0
61	76	76	76	0
62	77	77	77	0
63	78	78	78	0
64	79	79	79	0
65	80	80	80	0
66	81	81	81	0
67	82	82	82	0
68	83	83	83	0
69	84	84	84	0
70	85	85	85	0
71	86	86	86	0
72	87	87	87	0
73	88	88	88	0
74	89	89	89	0
75	90	90	90	0
76	91	91	91	0
77	92	92	92	0
78	93	93	93	0
79	94	94	94	0
80	95	95	95	0
81	96	96	96	0
82	97	97	97	0
83	98	98	98	0
84	99	99	99	0
85	100	100	100	0
86	101	101	101	0
87	102	102	102	0
88	103	103	103	0
89	104	104	104	0
90	105	105	105	0
91	106	106	106	0
92	107	107	107	0
93	108	108	108	0
94	109	109	109	0
95	110	110	110	0
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BANKING

WEEKLY U.S. BOND YIELDS (%)

Apr 17	Apr 10	High
12.00	12.57	14.23
11.26	11.53	13.89
11.18	11.50	13.79
10.13	10.46	13.22
7/8	8.51	11.14
11.50	11.75	13.80
12.28	12.22	14.13
12.01	12.11	14.45
10.75	10.78	12.17

Bank alters plan
NOMURA, EUROMARKETS CORRESPONDENT
Bank has been Euro market is plans after drawing circular arrangements on arising from a loophole. Credit-ated Lloyds of a \$100m, credit bearing 8% basis of up to 4% point on its rates, de-duced to com-pany of the deal bankers say it unse unless
Kreditbank intended se issue Euro notes without underwriting commitment of drawing the credit would higher than if the bank had launched a floating rate in place. With the credit in place, there is nothing to stop bank raising cheap funds in the market at some stage in future.
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Changing Face of Capital in Europe
International Symposium Amsterdam, May 9-10
Organised by the European Venture Capital Association
• for entrepreneurs
• for venture capital managers/managers/consultants/bankers/s etc.
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FINANCIAL TIMES SURVEY

Business Travel

The emphasis by the suppliers of the needs of executive travellers is switching from primarily one of costs to quality of service. This switch manifests itself in many ways but the end result is treating people more as people.

Emphasis on service

By Arthur Sandles

THERE ARE two constant strands running through the fabric of business travel at the moment. The volatility of leisure travel, notably in Europe—as what is hoped to be the tail end of the recession continues to take its toll—has encouraged suppliers to turn much more of their attention to the consistent, if demanding, commercial market.

At the same time a surfeit of supply in almost every field—hotels, airline seats, rental cars, conference centres and travel agents—has encouraged fierce competition.

This competition for a long time centred around cost. Today suppliers seem to have decided that this was only a lemming-like race which would produce ruin for all concerned. Although price remains a factor in the fight for business most suppliers make their pitch today on the basis of service.

This switch to service manifests itself in a variety of ways. The upper echelon hotels offer, as a matter of course, business centres, executive floors, health clubs and superbly equipped rooms: car rental companies are eager to assure their regulars that they will never be refused a vehicle: the airlines promise ever wider seats and ever more

creative chefs; and travel agents pledge that around the globe and at any hour of the day or night you never need be alone. The name of the game, to use hackneyed Sixties advertising terminology, is perceived added value.

The implications of this description are, of course, that there is no added value in reality. It is said, for example, that there is no difference between the various brands of petrol, but brand loyalty is encouraged by the oil companies despite this irritating little fact. The question is whether that is so in the travel business.

Real benefits

In most areas it probably is not. In the case of airlines and hotels in particular it is a matter of providing real additional benefits, but providing them in such a way as to encourage such an additional flow of traffic, or allow such a premium price, that the added benefits are not only perceived but also, at worst, self-liquidating and, at best, highly profitable.

British Caledonian's new transatlantic service to New York this spring has the added incentive of a door-to-door service for first class and business class passengers. Since neither the cars involved nor their drivers give their service to the airline free it is clear that BCal hopes to make more out of the

scheme than it pays for the transportation.

"We have done a considerable amount of research," says BCal, "asking people what it was in air travel that gave them the most problems. Time and time again airport transportation came up." Clearly BCal needed another dimension to its service as a newcomer to a route which already has all the heavyweights on it.

BCal's view of the need for research and for reaction to it is typical of the travel industry today. British Airways is not changing its already comfortable first class seats, yet again, simply for the fun of it.

As the result of the competition for the business traveller some of the "added values" can be quite dramatic. The American Express "centurion assistance" insurance scheme which gives, year round, world-wide medical cover for £35 and added benefits such as personal liability insurance, for a further £15, has to be a snip when similar schemes cost twice as much and exclude such recreations as skiing. And yet, I suspect, this is a "perceived added-value" scheme.

Added value is often offered as a bait to lure the customer into regular patronage. This is seen at its most obvious with the various loyalty schemes offered by most sectors of the industry and which are discussed elsewhere in this survey. Loyalty schemes, in the form



of clubs or frequent user plans can be a double-edged sword, as some U.S. airlines have found to their cost, but they are very much with us to stay.

All this is not to say that price is no longer a consideration of the business traveller. However, the price pitch is one which is likely to be made to you by a travel agent rather than a prime supplier.

An agent will attempt to prove that the service you are getting at the moment could be bought from him cheaper and that, almost certainly, he could improve upon it. Even here,

service is an important element of any travel agency presentation to potential customers.

It is often said in the travel business that accounts are won over the corporate treasurer's desk and lost in the field. In other words, price counts when you are pitching for an account but you lose it the moment the chairman finds himself in the rear end of an Ilyushin because the agent said that going via Moscow was the cheapest way to get to Auckland.

All this competition is not over peanuts. No one knows precisely how big the business travel market is but it is huge.

In the UK alone, Pickfords Travel estimate that Britons make 2m overseas business trips a year.

If you bundle all business travel and entertainment together, including UK domestic and foreign travel an annual spend of over £13bn is involved if the American Express estimates are right.

Given the size of the business it is hardly surprising that over the past decade it has become extraordinarily professional. There was a time when business travel was simply a leftover activity from leisure travel. The first oil crisis of the

early Seventies brought the true value of the business market into focus, notably by producing the first real wave of surplus capacity.

This placed power in the hands of the consumer, a consumer who promptly rebelled against being lumped with the bucket-and-spade brigade and paying heavily for the privilege. This in turn led to the clubs and special service sections which abound today.

In recent years we have seen the added dimension of technology bringing spice to the game. Few consumer industries have taken to the chip with as much enthusiasm as the travel business. The airline computer which is now so commonplace is only the tip of the iceberg.

Computer systems are now a major element of the reservation and information systems of all sectors of the industry. Better technology is at the heart of competition in the car rental market at the moment and without it the major hotel chains would be crippled. On an individual hotel basis it would be impossible to run the tightly-controlled computer system of today without enormously increased costs.

Oddly enough, it is the computer, which has helped to accelerate the rush to service. It enables hotels, credit card companies and airlines to pretend at least that they are offering a personalised service—we all prefer to be called by name rather than by number even if we know, in our heart of hearts, that they are both just bytes of information in a memory bank.

The rest of the Eighties look likely to see a continued and growing emphasis on service and the perceived added value of everything from an airline to a hotel room. Treating people as if they were people is the message of the day and in this Alice in Wonderland world it is the computer that is helping to make that personalisation a practical reality.

The one thing that is not open to question is that the next decade will include con-

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Business Travel 2

Need for better integration of mobile communications

Travel technology
ALASTAIR GUILD

THE EXECUTIVE need no longer be tied to his "office." The facilities which, until recently, may have kept him there are now just as available to him as he travels, either in the UK or overseas. Such developments are the product largely of the convergence of telecommunications and computers. Not without reason, have computer companies such as STC and ICL decided to pool their expertise.

The devices which a travelling executive might carry range from the simple bleep to one of the emerging generation of portable computers. The number of services provided for use with such devices over the telephone networks is also increasing.

Over 500 Value Added Network Services (VANS) are now registered. These include mailboxes, customer data bases and conference calls, all used by the executive on the move. Interestingly, some portable computer manufacturers are offering free membership of British Telecom's electronic mail service with every computer bought.

In the not too distant future, equipment such as the ICL One Per Desk will be available in a portable form. The OPD integrates personal computing, telephone and data communications with other messaging and electronic mail systems and will connect to an ICL host mainframe.

At present, the number of truly portable computers is limited. "There is a large gap between what the market offers and what potential users want," says Mr Ian Perring, one of the authors of a report soon to be published on Portable Computers. The Market Potential in Europe.

He estimates that there are some 40,000 portable computers in use in the UK but that 2m people, or 12 per cent of the working population are mobile. "People who travel a lot don't want to carry much equipment with them. The design of portables hasn't been properly thought through. There is no reason why a pager, or radio phone shouldn't be integrated into one package. And there are very few portables that link well with desktop micros, for example."

There are many other factors

to be considered by the executive choosing a portable computer for use while travelling. Can it run on batteries and how much power will it use for which tasks; is it IBM compatible; most important, what will it be used for?

Storing

Units are available for simply storing information, which can be loaded onto a more powerful micro when the executive returns to his office. At the other extreme, a handful of portables are capable of performing most of the tasks expected of an office micro.

The Apricot ACT, weighing 12 lbs, is one of the more advanced portable computers. It integrates many of the functions necessary for the travelling executive. One of its software packages, Communicate, gives instant access to 12 principal public information services and to electronic mail services. So a businessman can send telex worldwide from the hotel bedroom, airport terminal or public call box, provided he has access to a telephone line.

Messages are stored in the recipient's "mailbox" in the memory of a computer ready for collection when he keys in his personalised code on his terminal. He can then read his

messages, print them out or file them in the system.

The executive may prepare the text of the message to be transmitted using the ACT as a wordprocessor and then send it to any mailbox using Communicate. Equally, the executive can scan his mailbox for messages received and pull them off by computer.

Communicate may also be used to access pagers. These range from a simple tone bleep to the much more sophisticated visual paging devices, which can receive text messages of up to 80 characters and store them for display.

Callers can send messages by telephoning a communication centre operated by companies such as Air Call. But they can also access Air Call's computer from anywhere in the world via telex or almost any terminal with asynchronous communications. Messages can then be transmitted to users wherever they are within the UK coverage area which exceeds 1,500 square kilometres.

Any message can also be logged into an electronic mailbox if, for example, the bleep is underground and so unable to receive a message.

Mr Jonathan Edwards, a divisional manager for Air Call stresses the need for an inte-

grated approach to the travelling executive's communications needs from the intelligent terminal or postal pocket telex to worldwide data communications.

The executive may need a terminal solely for sending and receiving messages from an electronic mailbox. Then a much less powerful computer, such as the Brother EP44 or TC 800, with acoustic coupler, for connection to the telephone network will suffice. One of electronic mail's main advantages is that it enables a word processor "talk" to equipment from another supplier.

"Our aim is to provide a switching system which is simple to understand and easy to use," says Mr John Carroll, managing director of the company set up to run Easylink, an electronic mail service. "Message service suppliers offer editing and filing facilities."

With the increasing power of terminal equipment and the falling cost, the need for central filing and processing will decline. These functions will reside in the user's terminal and be under his control."

Soon terminals will also be able to send and receive data over cellular radio, making the travelling executive yet more mobile. Racal Vodafone, one of

the providers of cellular in the UK has already announced an add-on unit for vehicle radio telephones that allows computers, telex, electronic mail boxes and videodata services to be reached from the car.

Other valued added or enhanced services may include a secretarial or information bureau aimed at the smaller businessman to enable self-employed users to deal with their correspondence from the car.

Linked

Conferencing, both audio and visual, is another example of a value added service which can lessen the inconvenience of geographical separation. Nevertheless, it is a mistake to weigh up the cost of teleconferencing only against direct savings, for example, on travel costs," says Mr Jim Birrell, a senior consultant for Economist Information.

"There are many other considerations. It can allow people to have meetings when ordinarily they would do without; to enable them to work more efficiently."

Daroma Connection is the largest teleconferencing system in the world to use regular phone lines. The service can

link together as many as 60 different locations on one conference. Groups can participate by using speaker phones or special portable teleconferencing units equipped with microphones.

Convenors connect to regular phone lines and amplify the call so that many people in one place can hear, and join in the discussion using the microphone. To eliminate confusing cross talk, a voice actuated system permits only one person to speak at a time.

"Audio conferencing facilities should be thought of as another piece of office equipment," says Mr Birrell. "Many companies don't think twice about spending thousands of pounds on computer systems and yet are very touchy about spending money on advanced telephone techniques, even though, on average, a businessman spends 65 per cent of his time talking at meetings rather than generating data."

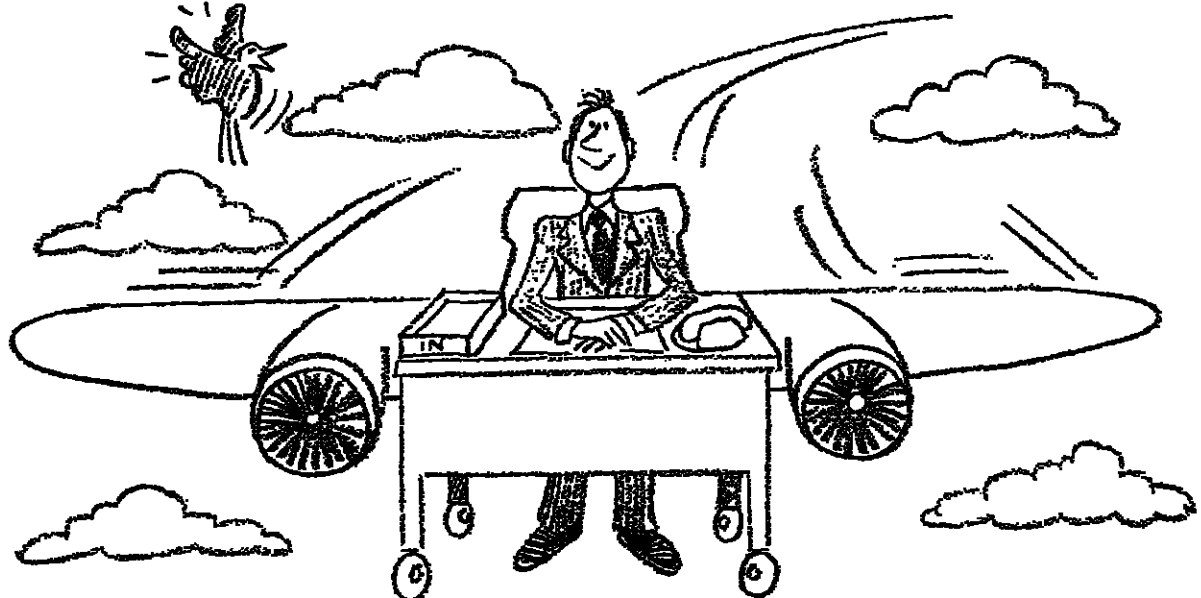
In America, where audio conferencing is more established, organisations are integrating traditional data and text processing with teleconferencing technology to create new systems. For example, teleconferencing may be supported by computer access to data and modelling tools.

During a meeting, participants can consult a computer-based model to evaluate alternative proposals. Computer-generated graphics can be used to present the results of these analyses to the teleconferencing participants. Reports on file in text processing systems can be accessed, updated and transmitted.

For many organisations, full motion video conferencing may prove inappropriate. The costs of setting up a studio facility are immense. Public studios, such as those provided by British Telecom, are available for hire, but they too are not inexpensive. So some companies have combined audio conferencing with facsimile, electronic blackboards or slow scan television to send single TV pictures over the telephone lines. These techniques use up far less bandwidth than full-motion video conferencing.

Recent advances in digital pictures encoding and compression have reduced transmission costs, helping to make video conferencing a more viable "in-house" proposition for geographically dispersed organisations. The provision by Mercury and British Telecom of digital networks will enable these signals to be sent over the public telephone network.

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Control and management
ALLAN BEAVER

AT LEAST £13bn is being spent annually on travel and associated expenditure in and from the UK, about twice the corporation tax the companies paid a few months ago and a sizeable slice of this is interest.

Last year, research was conducted for American Express involving 1,030 UK companies spending from under £5,000 to more than £1m a year in this field.

From this, it could be estimated that at any one time, a staggering £780m is in employees' hands in the form of cash advances, followed by a national interest rate of 14 per cent, this is costing over £109m a year to service. Much of this can be avoided.

The research shows that while non-management staff incur more than half of total business expenses, when it comes to the issue of company credit or charge cards, they are firmly in the minority.

Keeping company cars fuelled is by far the biggest single cost incurred by travellers in the UK, accounting for 36 per cent of all spending, followed by accommodation and subsistence with 20 per cent. Entertainment of business contacts accounts for 15 per cent, followed by the various forms of travel.

For overseas travellers, air tickets, with 42 per cent, are the biggest item, with accommodation and subsistence also figuring highly with 31 per cent.

Popular

A variety of methods is used to pay for expenses, the main one still being a company's cash reserves. In the case of sales and service staff, 65 per cent use permanent cash advances to pay bills and 67 per cent temporary ones.

Only 31 per cent of company sales and service staff use credit or charge cards to pay for business expenses, whereas by contrast, the figure for management is 42 per cent.

Travellers cheques remain a popular way of funding expenses overseas. Some 64 per cent of companies provide them for employees going abroad, and six in ten sales and service staff compared with seven in ten managers use them to pay bills.

Travellers cheques have to be paid for instantly but there is often several months time lag before credit card bills are paid.

Credit cards are issued by less than a third of companies to their UK travellers and even less to those going overseas. About a quarter of companies nevertheless, pay annual fees for employees using their personal charge cards for business purposes.

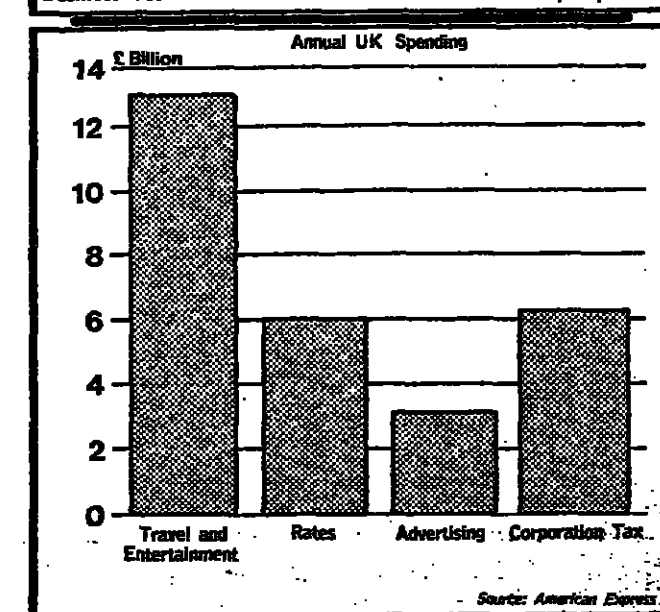
American Express is the card most favoured by the majority of companies, accounting for about 62 per cent of company provided cards and over 80 per cent of personal cards for which the company pays the annual fee.

The principal barrier, however, to wider use of credit cards is possible misuse by employees. Of those surveyed 69 per cent expressed reservations about the possible use of cards issued for spending by their employees.

American Express were the first to tailor their service to companies by offering corporate cards for up to 100 employees of the same organisation, though there are now several systems on offer.

For those having to monitor travel and entertainment spending, the corporate card and Amex Travel Management Ser-

Business Costs: The travel and entertainment bill in perspective



vice system is designed to give employees and their company more accurate information on business expenses, better cost control and a choice of billing systems to suit accounting practice.

A particularly valuable aspect of this system, is a failsafe mechanism to protect companies against possible employees' misuse of the American Express Card. Under a Waiver of Liability insurance policy, companies are automatically covered against this.

Diners Club offers a similar system which is used by a number of agents. The big agents too, such as Thomas Cook provide clients with travel management services giving highly detailed breakdowns of expenses.

Hogg Robinson call their comprehensive system Business Expense Management, providing an improved cash flow and streamlining the associated accounting.

Invoices are issued direct from Diners Club, with statements carrying all the detail a particular company requires. The credit free period under these arrangements is extended up to around 60 days.

The Diners Club Corporate Card Service is similar to Amex, and as before, separate from their corporate Travel Account Service.

Pickfords Travel stress the benefits of extended credit facilities and accounting simplifications that are possible in conjunction with centralised monthly billing arrangements, when paid for new accounts.

Mr Brian Donnelly, their Commercial Director, believes that these arrangements normally provide an average period of

credit of between 60 and 90 days.

As for travellers cheques, when obtained from a bank a company account is debited immediately. From a cash flow point of view there is a significant difference when purchasing travellers cheques through an agency, for the payment is only required within seven days of invoice. After that, it may take another week before the cheque is cleared, if a weekend intervenes.

The market leaders among business travel agents, all have their own computer systems providing access to a range of cheap air fares, such as Pickfords Olive and Lunn Poly's Boris. Through these systems, travel clerks know what discount deals have been negotiated on each air route. But there is no point knowing that your travel agent has access to cut price travel facilities, unless you can monitor whether these rates are being offered and accepted.

Myth

"There is a myth about air fares. The average business traveller will not accept inconvenient times of travel or reductions in standards of comfort, bringing him into conflict with the attitudes of the person in an organisation who makes decisions to purchase business travel," Mr Andrew Barrett, a director of Thomas Cook, believes.

A Thomas Cook air fare savings report, one of the travel management services it offers, speaks like this. Linked to Travicom or the Amex TRIPS can business travel be handled efficiently.

NUMBER OF DAYS CREDIT GAINED

Through corporate accounting for airline charges

ACTION	No. of days
Travel agent passes vouchers to airline	
Minimum	3
Maximum	4
Average	3

Airline bill Diners Club	
Minimum	2
Maximum	60
Average	29

Diners Club bills company	
Minimum	2
Maximum	30
Average	14

Company pays Diners Club	
Minimum	2
Maximum	30
Average	14

Totals	
Minimum	2
Maximum	124
Average	60

NON-AIRLINE CHARGES

Travel agents bill Diners Club	
Minimum	2
Maximum	4
Average	3

Diners Club bills company	
Minimum	2
Maximum	30
Average	14

Company pays Diners Club	
Minimum	2
Maximum	30
Average	14

Totals	
Minimum	2
Maximum	64
Average	31

Research: Hogg Robinson.

lowest fare offered to them. In the advertising industry, an agency must pass on to a client, discounts that have been negotiated. Until recently, this was not the practice of travel agents, but now all that has changed.

By the end of this year, it is expected that about 300 Computer Communications (CCL), Decipher Printing and Accounting Systems (DPAS) will have been installed in British agencies, automatically producing air tickets, invoices, itineraries and end of month statements.

Average capital costs are between £20,000 and £30,000, quite apart from an on-going maintenance charge. Only with systems like this, linked to Travicom or the Amex TRIPS can business travel be handled efficiently.

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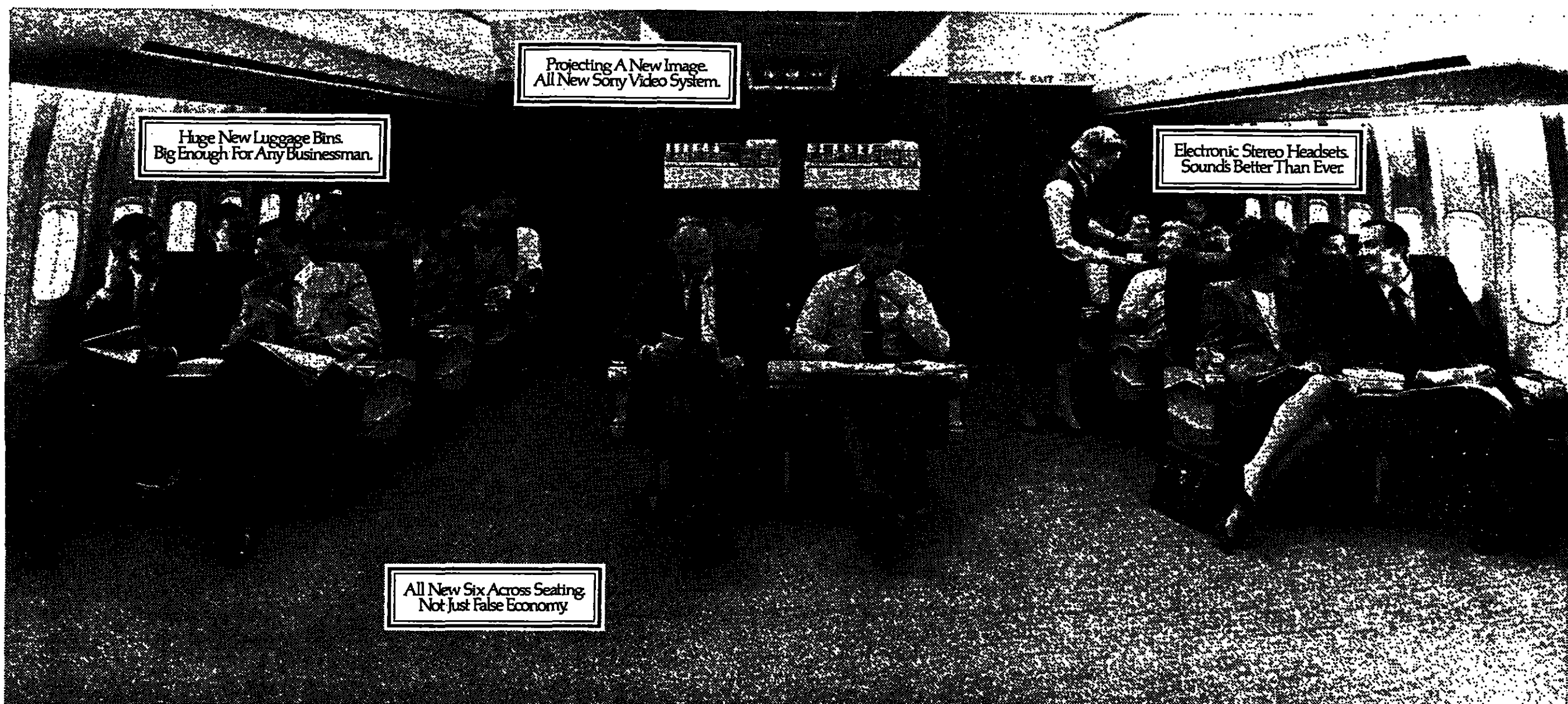
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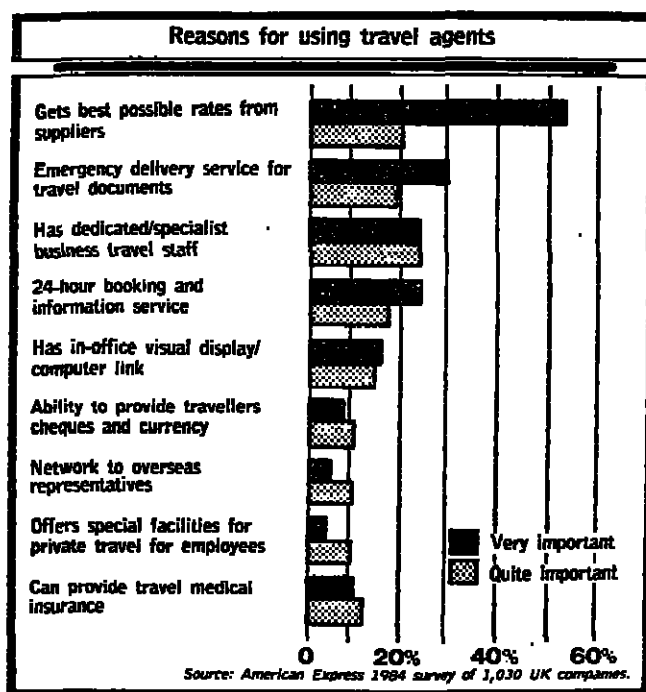
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Business Travel 4



Right: The Travicom ticket printer is now the standard travel industry air booking system and is used by travel agents to connect directly to the reservation systems of about 40 of the world's biggest airlines



Why purchasing muscle counts

Travel Agents

ROBERT OAKDALE

THE STRONG competition to provide services for business travellers is beginning to tell on Britain's travel agents. The smaller ones are continuing to lose custom to the bigger companies.

They cannot compete with the discounts offered by companies such as American Express, Hogg Robinson, Lunn Poly, Pickfords and Thomas Cook, whose purchasing muscle enables them to negotiate good deals with travel suppliers.

These bigger companies, are themselves, however, having to struggle to make sure that their business travel divisions remain profitable.

During the last 10 years the number of UK business air travellers has risen from 1.4m annually to 2.3m but a large proportion of this growth has been handled by the big five already mentioned.

In the U.S. pressure on the

sector has this year come from a new source—deregulation of the air industry. The U.S. Airline Deregulation Act of 1978 scheduled the elimination of the Civil Aeronautics Board from January 1 of this year.

Originally the Act transferred authority to grant anti-trust immunity for the U.S. travel industry's collective agreements including travel agency programmes from the CAB to the U.S. Justice Department.

This was altered subsequently and together with the remaining economic regulation of the U.S. airline industry, control of anti-trust immunity rules has now been vested in the Department of Transportation. Immunity in America will disappear altogether on January 1 1989.

From the beginning of this year, however, airlines in the U.S. have been permitted to select alternatives to travel agents as their distribution outlets. The commission previously taken by travel agents on ticket sales is in theory now available to big companies, offering the possibility of big

savings on company travel accounts.

Surprisingly, changes in Association of British Travel Agents rules last year allow the same thing in Britain. The Restrictive Practices Court caused ABTA to abandon all the premises and locations rules requiring an agency merely to have one qualified member of staff with several years experience in order to gain trade body membership.

This could be someone working from home, or indeed a company business travel department.

ABTA's finance rules are stringent but a big company should have no difficulty in meeting these criteria.

Opposition

The store group Tesco, for example, used the brand name Dairyglens for its in-house travel agency which was eventually established after fierce trade opposition. It offered a 5 per cent discount on package holidays for all company employees and a captive agency through which all Tesco business travel could be passed. It sounded a great idea, but in practice, however, it proved not to be viable. Earlier this year, Tesco sold the operation to Thomas Cook.

In another development during the past decade, several British travel agencies had specialised in forming 50/50 travel companies with organisations undertaking substantial business travel, to enable them to participate in profits emanating from their own employees' journeys.

The real profits from these

operations, are clearly difficult to assess, as national rent, rates, lighting, heating, office furniture, depreciation or cleaning bills are often not included.

The bigger a company's travel account, however, the greater must be the temptation to act as agents. One of the major reasons is because they are being denied use of the electronic reservation equipment, now the norm in their agents' offices.

Such restrictions do not apply to printed guides. ABC World Airways Guide is the market leader in the printed airline schedule business, although its major competitor, the OAG, is the biggest seller in the U.S. Both publications are purchased and used extensively by business travel departments and are not restricted to the travel industry.

UK trials of electronic versions of both of these are now taking place. Their information databases are likely to be accessible through private videodata and Prestel as well as via the travel industry's own communication networks.

Business travel departments of companies can, however, only make air bookings by telephone and the Guild of British Travel Agents is violently opposed to allowing non-agents to use Travicom, the standard travel industry air booking system.

A Travicom terminal connects directly to the reservation systems of about 40 of the world's biggest airline systems and the user can make or alter bookings as well as reserving car hire, accommodation and other facilities.

Their opposition to the wider use of Travicom was unable to stop the merging of the Travicom private view-data service with Prestel's Skytrack, implemented from the beginning of April.

Any ABTA members, whether or not holding airline tickets in stock, is now able to contract to take this service in its less sophisticated view-data form.

Since anyone satisfying the financial and other criteria can become an association member, any business travel department that wants to make air bookings through Travicom Skytrack now has a way of achieving this objective.

Travicom

Already, some business travel agents, have equipped their in-house operations with these devices. Hogg Robinson openly advertise what their competitors offer covertly. They will install Travicom in any company's premises where at least one member of Hogg staff is working. Where two or more are on site they will apply for an IATA appointment and do all airline ticketing locally.

It may, in fact, not be long before a non-travel company decides to insist on being supplied with Travicom Skytrack service. If Travicom refuse, because of Guild pressure, a reference to the Office of Fair Trading will speedily resolve the matter.

Of course, the Guild sees the provision of electronic reservations equipment to business travel departments as the thin end of the wedge. It is only one small step from this, to attach an automated ticketing device. In the U.S. this is already permitted.

Perks under threat from the taxman

Loyalty schemes

ARTHUR SANDLES

A CHILL wind has blown through British business travel in recent weeks with the news that the U.K. revenue is taking a much greater interest in travel perks than in the past. So enthusiastic has been that interest, although the revenue deny that there has been a "crackdown," that we may have seen the passing of the perk age as far as the British market is concerned.

The basic revenue position is that employees who gain personal benefit as a result of their employment, over and above their salaries, must be taxed on that benefit. This net neatly catches all those schemes which reward frequent travellers with personal benefits such as free weekends in the country in Paris to Amsterdam for two of course, free nights on the town, free baggage and crates of champagne.

The biggest catch so far in the tax net has been British Rail. Its Travel Key programme offers a variety of benefits but included among them until now have been a series of prizes for frequent use. The biggest prize was a weekend for two for customers who had charged £1,400 or more on the card. Since the card is only issued to companies and partnerships that means that the individual is gaining a benefit as a direct result of his or her employment.

The revenue called Travel Key in for consultation. Honourable people that they are, British Rail executives declined to name their cardholders and particularly declined to state what prizes had been won and taken. "They were very nice about it," says Travel Key. Not so nice, however, as to drop the tax demand.

In the end, British Rail had to promise to pay the tax on behalf of the customer, with a deal being struck on just what rate of tax should be applied. "To keep faith with its existing 22,000 Travel Key cardholders BR will continue to offer the bonuses until the cards come up for renewal," says Travel Key. "But all holders are being advised that details of the bonuses will in future be supplied to the tax authorities."

The writer has received just such a letter (PS to taxman, I have not used any bonus).

Loyalty programmes of this type are nowhere near as common as they are in the U.S., where the Internal Revenue is scratching its head to find a way of attacking them but where the laws are somewhat less

clear apparently than they are in Britain.

The car rental business almost bankrupted itself a few years ago with give-aways and U.S. airlines now regard frequent flier programmes as an unfortunate way of life.

In the UK only British Midland and the commuter airline, Metropolitan, operate frequent flier programmes to any extent, and both are fully aware of the tax dangers. British Midland recently told that bible of the business travel world, Executive Travel, that its running off of 20,000 "passports" as part of its new frequent flier programme with prizes running up to weekends away for two had instantly come to the attention of the taxman who promptly demanded names.

Complicated

"Our accountants are looking into the tax aspects," says BMA as a result. "There are implications of being awarded a flight as a perk, but it is extremely complicated and there are varying views about the recipients' liability." Not as far as the revenue is concerned if the answers to my own questions are any guide.

"When it is the employer who pays for the ticket and it is the employee who gets the travel bonus there is a taxable benefit."

Modest offenders concerned about their free pens, T-shirts or even a quarter bottle of champagne in their rooms need not be too alarmed. "We don't do silly things," says the revenue. "We have to be cost-effective and that means we will not bother ourselves with trivia."

Nor need there be concern about schemes which give the traveller upgrades in car, room or airline seat. In that case it seems that the person concerned is regarded as the company. Thus if J. Smith of Shell is given a suite instead of a single room, simply because Shell is such a good customer, it is perceived as a benefit to Smith, not to Shell. But if Smith is allowed to instal a companion for nothing, then it becomes a personal rather than a corporate benefit.

Before Shell writes to suggest that such a thing would

never happen perhaps I should stress that many companies have a strict policy of non-participation in such programmes. Suppliers are used only on condition that no benefits are offered directly to staff and staff are informed that they will be fired if they accept such benefits.

The naming of names by providers raises one fascinating aspect of the whole business. One international organisation that I was asked to keep anonymous raised its corporate hands in horror at the thought of telling all to any outsider, governmental agency or not.

"We do not think that all necessarily take their spouses the people who use our awards along on their weekends or holidays. We do not want to be responsible for sending some of our best customers to the divorce court."

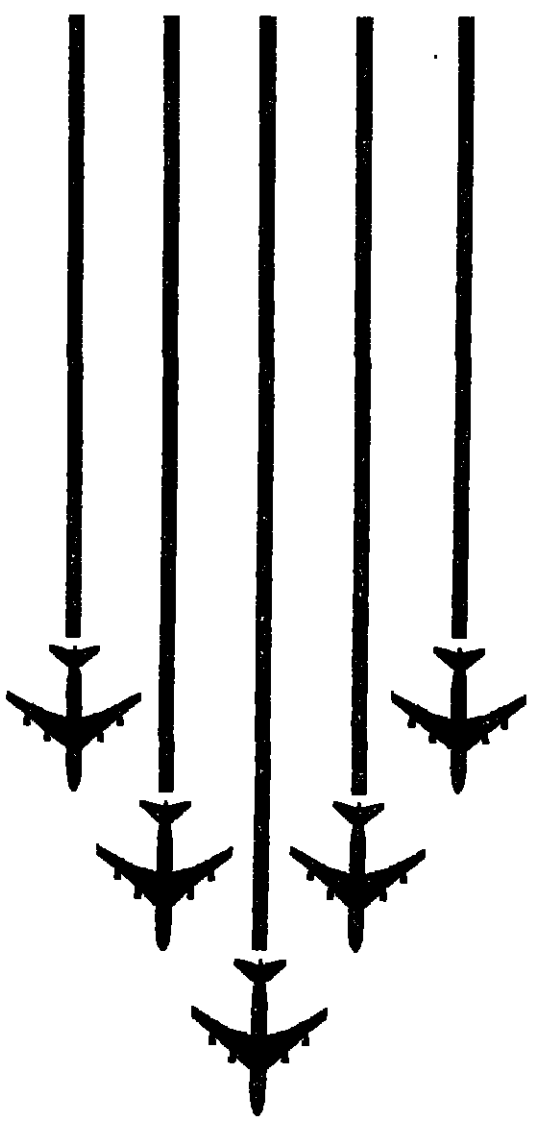
Most loyalty schemes in Europe do not have that complication. They usually involve discounting and upgrading particularly in car rental and hotels, or special check-in and other fringe benefits in the case of airlines. It is much more pampering of frequent users than the bribing of them.

There is little such reticence in the U.S. I have before me a Republic Airlines invitation to sign on for a programme which is clearly labelled "perks" in large letters. With that scheme you can win the use of a new car for a year. Join the Pan Am scheme and after flying 100,000 miles you could be two free tickets to wherever you want to go in miles will take two people the world. With TWA, 175,000 round the world, first class.

Officially these schemes are confined to residents of the U.S. In fact many European travel agents will help you register for a U.S. carriers scheme by providing you with an American address. Both British Airways and British Caledonian have avoided frequent flier programmes in the UK but both are tied up with American carriers and UK residents can thus join through the back door (some programmes do not honour flights which originate in Europe).

If you do join an American scheme, and take any benefits, you are required to declare them to the UK taxman, however.

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A tricky tightrope to walk

Tips and bribes

ARTHUR SANDLES

AN AMERICAN business magazine recently pin-pointed the whole problem in one picture. It showed a Western businessman sitting in the company of two Middle Easterners in full Arab dress. Caught for words our harassed salesperson is stuttering (and I quote only from memory): "And by the way, how are Fatima and the kids?"

International conventions in social and business behaviour are a minefield and have not been lessened by the growth of Islamic fundamentalism. But whether in the Middle East or the Far East, the Pacific or the deep south of the U.S., the business traveller is in a constant state of alarm—never patting children's heads, never letting the soles of his feet face his companions, worrying about under-tipping, over-tipping, wondering whether where a little extra "commission" stops and a downright bribe starts.

It's not quite as bad as that, of course. As far as tipping is concerned you are quite likely to be given a quick course in correct procedure by the people involved. I have only two-week-old evidence of the San Francisco hotel bellman who unfolded a long lecture on how "We do things different here" and "You Europeans think that service is always included." Needless to say the lecture came long before the man could have known whether or not he was going to be tipped.

Even without the lecture, tipping these days, in the bigger hotels it is becoming something of an ordeal. One man will whisk your car away from you; another will lift your bags a few feet and wait for you to the check-in desk; a third will actually take your bags to your room. If you are on the executive floor you will probably be escorted there by a hostess or an assistant

manager and then be greeted by a floor concierge. Since you have already dealt with the army of palms at the airport you can well arrive in your room financially embarrassed as well as exhausted.

I don't think I am alone in being thrown by the strength of the dollar. Only a couple of years ago it seems the dollar, at its value of around 50 pence, was a very handy tip. At 100 of these same pence (well, around 80 at the time of writing) it seems a bit excessive at times. This is a pity since a wad of single dollar bills is invaluable for the itinerant tipper.

The problem arises really in those unquantifiable areas of tipping, like bag carrying and car parking, when you are in a new country. Otherwise the basic rule of 10-15 per cent, rounded upwards to the nearest whole unit of the local currency is a generally acceptable level.

Thus a UK lunch bill of say £26.85 would attract a £30 settlement, and this would be more generous than it seems since you are in fact tipping on VAT as well.

Tips are simply a source of occasional amusement, and embarrassment. The real problems arise over gifts and bribes. The line between the two is an extraordinarily difficult one to draw.

Problem

Put yourself, for the moment, on the receiving end rather than the giving (and we are talking about simple courteous business gifts, not palm greasing). If a camera manufacturer with whom you deal hands you a plastic pocket machine that has his brand name embossed all over it and can only take pictures on a clear day with every-one standing perfectly still, then that clearly is just a token gift. To hand it back unsmiling saying that company policy is not to accept gifts is to be pompous and to risk causing offence.

But what if the camera is a top-of-the-range anti-singing, anti-dancing device that you know

costs hundreds in the shops back home? Well, in your heart you know.

Again there is obviously a difference in the level of gift that, say, the chairman of the board would regard as a token, and that which a junior sales person might assess as such. When Mrs Thatcher gave away an Apricot computer in Indonesia recently it was obviously not a bribe, but in the unlikely event that she were to give me one, it almost certainly would be.

The sensible business traveller usually learns the rules of what can be a convoluted game. The small item of low value but which is representative of your country and perhaps your product—the Italians are fortunate in being able to dispense soft leather wallets, for example. The Japanese wafer thin calculators.

For a time I travelled with a store of Royal Wedding crowns. They were particularly useful as little thank you gifts for government officials in both the U.S. and USSR—both countries where almost anything handed to a government employee is regarded as a bribe.

Their real value was tiny, but their perceived value considerable. The thought of Di and Charles being treasured in the Crimea and the Carolinas cheers my royalist heart no end.

The basic rule for the heavier stuff in the way of gifts is to take local advice. Never plunge in with goodies until you have sorted out the ethical and social implications.

Usually you will be shown ways around the problem. Heavy gifts are out in much of the Western world, particularly in the wake of the Watergate affair. They have, to a large extent, been replaced by business entertaining. Thus the executive or official who would have to refuse a five dollar calculator will eagerly accept two tickets for a Placido Domingo first night and dinner afterwards for himself and his wife as part of a larger group—and exercise which would be immeasurably more expensive.

The key therefore is to find

out what is acceptable, indeed desirable.

One of my early mentors in this business was a board member of Holiday Inns who told me that wherever you were in the world there was always one person somewhere with whom you ended up in a back room somewhere negotiating. In some countries it meant a demand for money to change hands, something which I am sure Holiday Inn never took part in and in others it was more complicated.

Bribery

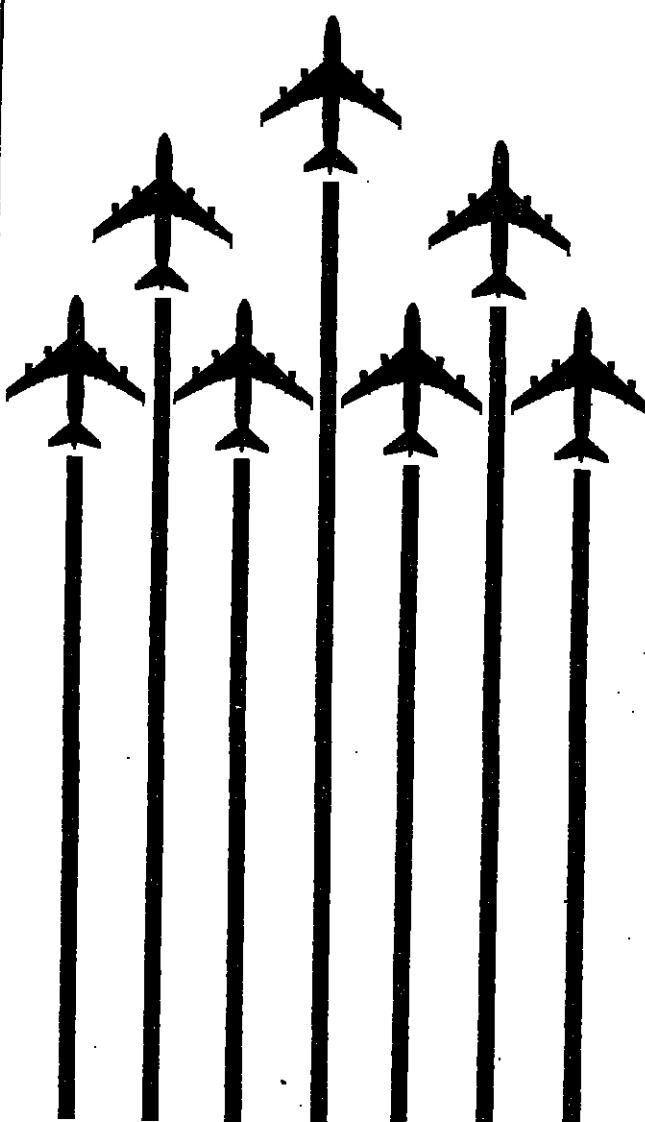
In Britain, for example, it might be that a hotel project might go ahead if a deal was done over new sports facilities for the locals. Not bribery, obviously, or is it just that the word bribe involves personal rather than civic gain.

Real bribery is far too tricky a subject for this writer to get involved in and one which any potential investor is likely to find extremely dangerous. If you feel you must bribe it is usually best to get advice from several sources, including an off-the-record briefing from the embassy in the country concerned and (b) act through a third party so that when the detritus does hit the fan you have a tiny cover behind which to hide.

As has been observed by greater minds in the past there is rarely a need to bribe journalists, given what they will do unbribed. Simply being human to them is normally enough. I have rarely been offered real bribes for planting stories—usually to encourage the swift upward movement of a share price.

Once faced with such an offer I decided that my theoretical rate was a basic negotiating start of 20 times my annual salary, given that I would be fired, if not prosecuted, if discovered. In fact I also realised that either ethics or fear would prevent such participation in any plot. Make sure your target is not in the same boat—black-mail might be a surer course.

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You need somewhere you can get some peace and quiet.

Either to make a phone call or just sit down and enjoy a complimentary drink.

Frankly, it was such a success we decided to expand the idea. To Japan. At Tokyo International Airport. And Osaka.

Europe.

But as many of our Cardholders also travel a little closer to home, we've recently opened a couple in Germany.

At Frankfurt. And Düsseldorf.

Shortly we'll be opening one at Dublin.

And by the end of the year Hamburg and Berlin will also have Diners Club Airport Lounges.

No other charge

or credit card can offer its members this facility.

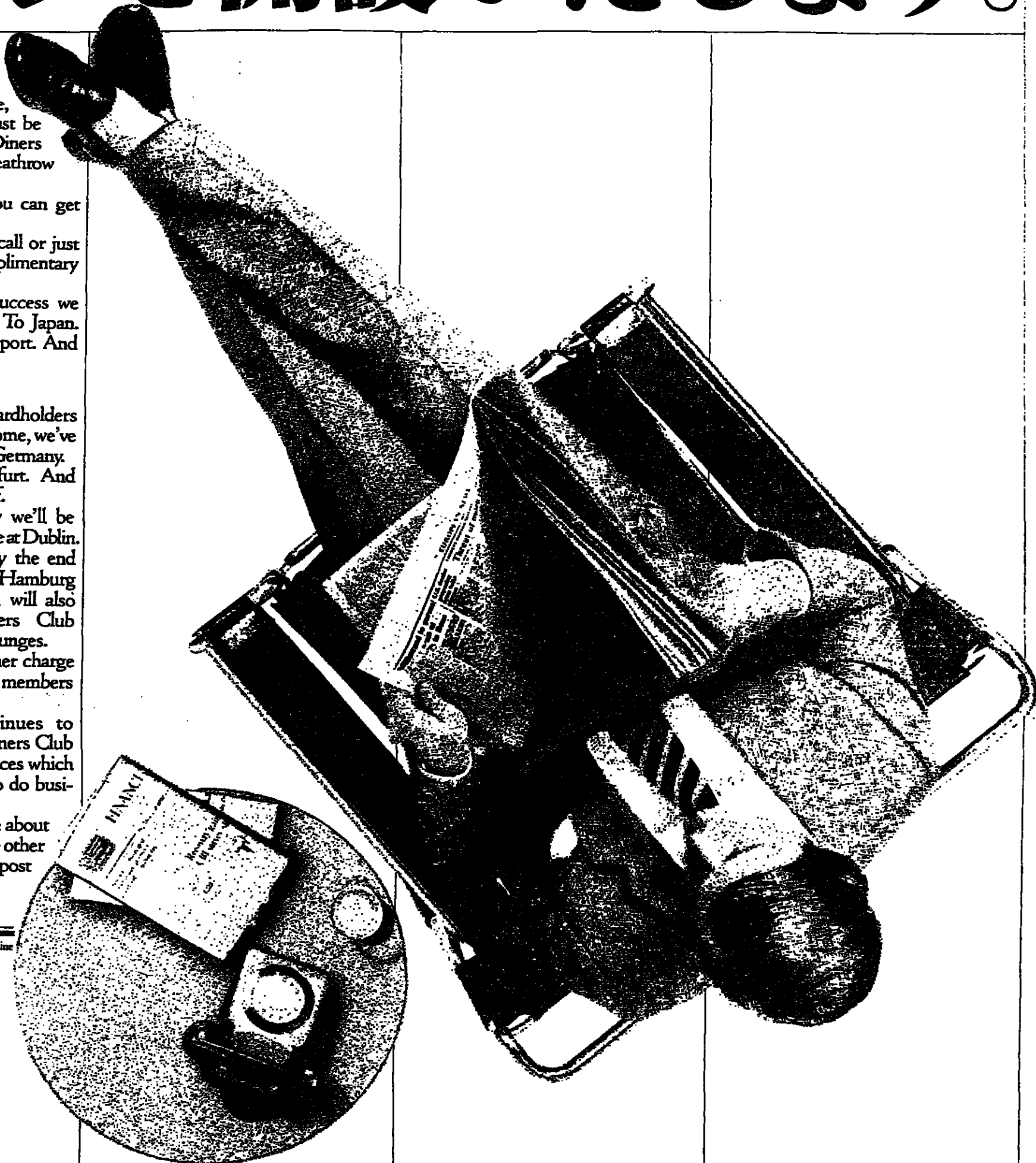
And as business continues to develop around the world Diners Club will continue to develop services which will make it easier for you to do business.

If you'd like to know more about this innovative service and the other Diners Club business tools post the coupon or telephone 01-930 2755.

Just in case you're not fluent in Japanese, the headline reads: Diners Club announce the opening of their Tokyo Airport Lounge.

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CAJD

Business Travel 6

Services improve but price is still the key factor

Choices in car rental

ARTHUR SANDLES

IF THERE were one field where the definition of the difference between the various becomes difficult it is car rental. It was probably here that the move away from pricing towards service started, and quantifying who it is that offers the greater quality of service is no easy task.

For car rental companies the business market is not just the bread and butter, it is a huge part of the whole meal. The period of over-emphasis on price, therefore, was a disturbing one for all concerned. "But don't be misled," says Avis. "We may be striving for better service, but price is still the final key."

It is particularly so, of course, in negotiations with the giant corporations for whom the saving of a few pounds per rental can add up to substantial sums at the end of each year. Some idea of the scale of such contracts can be gained from the fact that when Avis recently won the IBM account from one of the other "big four" in the UK, 600 cars had to be made available to the new company overnight.

600,000 cars

There are around 75,000 rental cars in the UK (the French have 85,000, the West Germans 85,000 and the top dozen companies well over 600,000 between them) and the business travel sector is dominated by Swan National, Godfrey Davis/Europcar, Hertz and Avis with Kennings and Budget being the remaining majors. There is still a strong regional, local and specialist market (Guy Salmon, for example, with luxury cars).

All the rental companies have followed similar paths in their pursuit of the service element. Computers have proved a godsend to the major groups enabling them to shorten considerably the time spent in form-filling for regular customers,

ensuring the cars are available and cutting down on the risks of human failure in what can be a very complex operation. Thank heavens the time when "Sorry sir, we have no record of your request" was a regular feature of international car rental seems largely to have passed.

The Godfrey Davis/Europcar super service card, for example, records the user's licence details and thus reduces the paperwork. It also means that bills come to the hirer in local currency, another enormous benefit against the old days when bills would arrive in dollars, yen, lire or pesetas and setting them was something of a chore.

The GD/Europcar card is not unique. Hertz has its No 1 rapid system which logs not only driver details but also such factors as car preference. All the hirer has to do is enter the date and the place and the computer sorts out the car and the paper work. The secret of the Avis system is also contained in the magnetic strip on its Express credit card.

The computer is being turned to ever more sophisticated uses. Earlier this month, Hertz introduced a computerised routing system for business users (almost simultaneously Avis did the same for holidaymakers). Under the Hertz scheme a renter in a city centre can be given a detailed print out with a route to hotels, conference centres, other towns... a whole range of destinations.

First the customer is asked what language is to be used (there is a choice of seven); then the type of location sought (hotel or town, for example); then the specific place. After that the route is printed out. By the end of the month the system should be on line at more than 20 destinations in Europe.

Avis has tended to place a very strong emphasis on co-operation with airlines, since business fliers are very heavy business renters. At its most sophisticated it can be seen on the UK British Airways super shuttle routes where customers can not only book their car on the flight but also be told exactly where it is in the car park when they arrive. Avis hopes to extend this service to other BA routes, to various

European destinations, in the near future.

Godfrey Davis/Europcar, of course, has its extensive links with British Rail with free telephone links at 72 stations and the ability to book a car on departure for delivery on arrival.

Speed and the greater use of the computer is not the only battle ground as far as service and the car rental companies are concerned, however. Swan National appears to have stumbled across a major source of business and loyalty with its hotel packages. Under this scheme the user of a Swan National car also gets hotel accommodation. The price of the package is considerably less than would be the cost of purchasing the two separately.

Comfort

Swan has done deals with such groups as Ladbroke, Queens Moat, Thistle, Crest, and others. A night at a Vauxhall Nova for a day plus a night at a good basic hotel, with Continental breakfast. At the top of the range 355 gets you a Senator and a night in such locations as the Brighton Metropole or the Leeds Ladbroke Dragonara.

Let us not overlook price, however. Budget, as its name suggests, has long made price a major plank in its campaigns. Budget is predominantly a franchise organisation and claims that this very grass roots basis gives it a local efficiency, and thus cost saving, with which the other internationals cannot compete.

None the less the overall theme in the business today remains value for money rather than "cheaper". It might perhaps be pointed out that not only the rental market is getting on a founder footing for the rental organisations. Car rental companies are vehicle dealers as well as car renters. With over 1m cars between them world-wide the rental companies are aware of the movements in the value of new and second-hand vehicles.

The rash of price-cutting that hit the car market a year or two ago caused chaos in car rental accounting because it suddenly devalued their fleets. Rental rates are based on an

assumed residual value of the vehicle concerned. If that value dips by 5 per cent then the figures become a nonsense.

Rental companies are not necessarily bothered by a long-term lowering of vehicle prices. What troubles them is volatility, and particularly sharp movements downward. At the moment there is a much greater steadiness about the used car business both in the U.S. and Europe, and thus fewer grey hairs in the car rental industry.

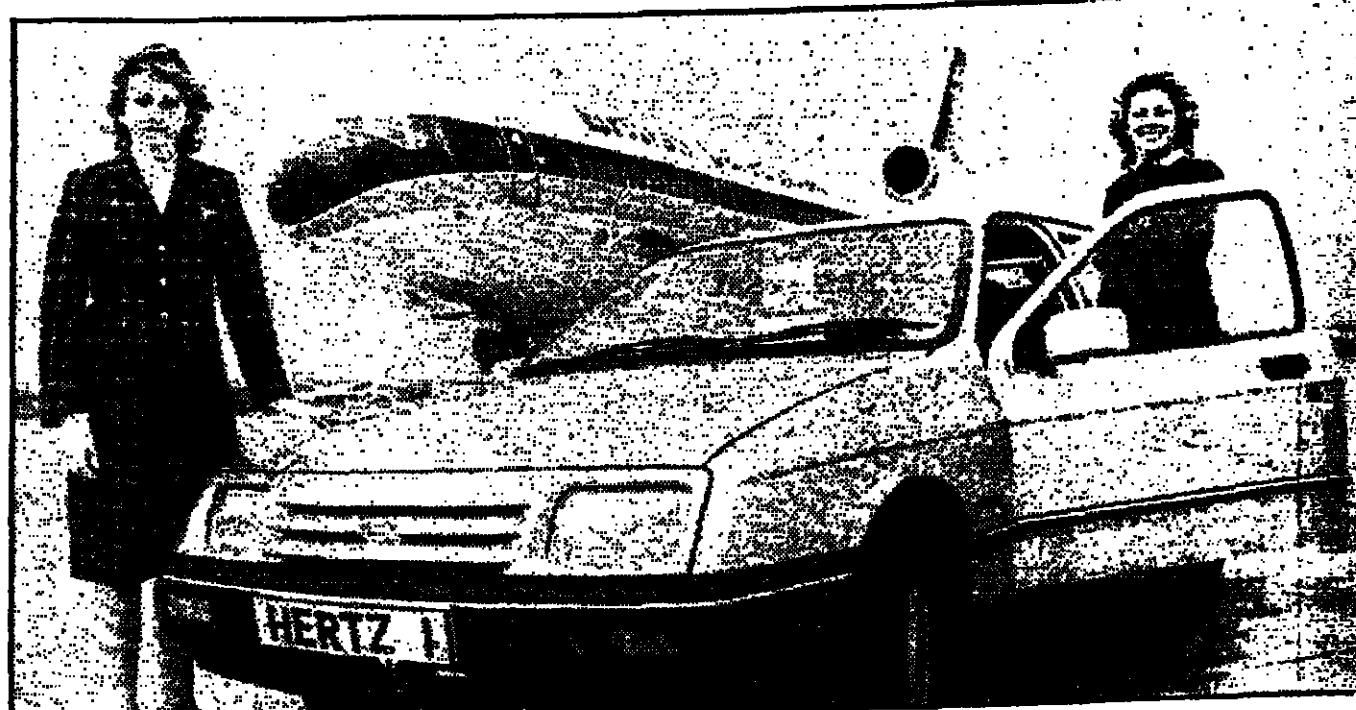
What the industry has yet to sort out is its relationship with travel agents. It is a constant complaint on both sides that neither is really interested in the other. The rental companies are bitter that agents are unwilling to fill up a form or two in order to get what in Europe can be substantial commissions. The agents complain that the rental companies frequently go over their heads by offering substantial discounts direct to business users.

In fact many users would be well advised to get competitive quotes not only from the car rental groups but also from travel agencies. Some of the chains and members of consortia are major purchasers of car rentals and can get a company a better rate, even with their own commissions built in.

If there is one cloud on the horizon at the moment it is the involvement of the rental companies in the U.S. with the airline frequent flier programmes. The rental companies have linked in with the airlines simply to encourage brand loyalty and because everyone else was joining in.

In the event, an increasing slice of their business is now being done at a heavy discount to frequent fliers. Some airlines require the rental companies also to pay them a fee for their participation.

It all smacks of the bad old days of giveaways (which cost the rental groups as much as a crippling 5 per cent of turnover at its peak) and the rental groups of Europe must be delighted that the tax rules within the EEC tend to make such schemes difficult to run. The rental groups in the U.S. must be hoping that the IRS (Internal Revenue Service) will do what it has been threatening to do and also tax the frequent flier benefits.



Ashley Ashwood



Under a special arrangement with Hertz, British Caledonian Airways offer free car rental to domestic passengers as part of their Business Travel service. Round trip passengers between London-Gatwick and Manchester, Glasgow and Edinburgh can be provided with a Hertz Ford Fiesta rental car for 24 hours, with 100 free miles. The Hertz Ford Sierra in the picture is available for a £5 surcharge.

Left: increasing use is being made of credit cards when paying for hiring a car, in this case Avis

How travelling executives can avoid money traps

The benefits of 'plastic money'

DAVID CHURCHILL

THE QUESTION of money looms large for the business traveller. Although he or she is generally spending someone else's money (the company's) this fact means that the business traveller has to take special care to ensure that his/her transactions are accountable and that the best financial deal is obtained.

Moreover, the business traveller is likely to get into situations—unlike the ordinary tourist—where he needs large amounts of money immediately, to help, for example, in clinching a deal.

A survey carried out recently by American Express found that while 80 per cent of companies claim control of business costs as one of their top priorities, very few actually operate realistic or effective policies about business travel and entertainment.

American Express estimates that some 2.6m business executives travel on behalf of British-based companies each year, spending some £13bn on travel, subsistence and entertainment.

Tricky world

Some large companies are now fairly sophisticated in educating their travelling executives to avoid abroad—but many other companies provide no such help preferring to believe that an intelligent executive can work it all out for him or herself. Unfortunately, more often than not, the business traveller finds himself caught out in the tricky world of currency deals and fluctuating exchange rates.

Such questions as whether particular travellers' cheques or credit cards will be accepted in a particular country are among the points which still vex many a travelling businessman.

It is hard to imagine a business traveller who does not have at least one credit or charge card—even if this is a company card rather than a personal possession. In fact, some travel industry estimates suggest that as many as two-thirds of all hotel and major city restaurants business is done through "plastic" money.

In the U.S., especially, many hotels are poorly equipped to deal with the cash-paying customer and prefer you to pay by credit or charge card.

Credit and charge cards have a number of advantages for the travelling businessman. They are widely accepted, relatively easy to use, and much safer to carry than cash. Business travellers are obviously prime targets for theft and muggings in some foreign capitals.

Moreover, in a number of countries the national government prefers the use of credit to that of cash, especially if the countries concerned have strict currency regulations. Credit cards avoid the trade in notes which all authorities find it extremely difficult to police.

Credit and charge cards also provide an instant record of a travelling businessman's expenses to help in his reckoning up with the company account on his return.

But plastic cards also have some strictly financial advantages as well. For example, users are not generally charged any commission on the currency swap. In addition the rate at which sterling is converted into foreign currency is



Many a traveller is still vexed by such questions as which credit cards or travellers' cheques are acceptable in various countries

usually more favourable than that available at banks or bureaux de change. And, of course, there is usually considerable delay in settling your account.

However, there are some financial drawbacks as well. There is the risk, for example, of the exchange rate moving against you between the date of purchase and the day the transaction is processed by the credit company involved. The maximum period of free credit for purchases made in the UK is usually 50 days, but up to four months' free credit is not unusual on foreign sales.

This is because the credit card companies argue that the extended period of free credit on overseas transactions tend to balance out the vagaries of the foreign exchange markets.

Internationally, the credit card business is carved up between Visa International and Mastercard. Both the Trustee Savings Bank and Barclays are linked in with Visa through Trustcard and Barclaycard, respectively, while Access operation (jointly owned by National Westminster, Midland, and Lloyds) is linked to Mastercard.

This gives holders of this conventional credit cards access to millions of outlets worldwide—Visa alone, for example, has over 4m retail outlets in more than 160 countries around the world.

There are also additional types of credit card of use to the travelling businessman. Barclays, for example, has a premier card intended for high earners (over at least £20,000 a year) who spend relatively large sums on travel and in hotels and restaurants.

Advantages

Among the benefits of this type of card are cash advances of up to £250 a day in local currency from any of the 140,000 banks abroad displaying the Visa sign. There is a service charge of 1.5 per cent on each cash advance.

In an emergency, special arrangements can be made for the Premier cardholder to purchase, at one hour's notice, up to £1,000 in travellers' cheques from the Heathrow branch of the bank against a Barclays UK cheque and passport identification.

Moreover, in most countries abroad up to \$5,000 in local currency can be made available quickly through the Visa network. In such an emergency, Visa will also forward a brief message to the cardholder's family or company free of charge.

Cards such as American Express and Diners Club are not credit cards in the accepted

a proof of identity check. This is because a radical shift in the cardholder's spending pattern triggers suspicion that the card had been stolen.

Although credit and charge cards are an essential part of the travelling businessman's "armoury," there is still room for other types of money, especially travellers' cheques. While credit cards are widely used in big cities, they might not prove so readily acceptable in provincial areas—even in developed countries. Obviously, the further away from major European and North American countries you travel, the less likely you are to be able to use credit or charge cards as much as you would like.

The problem with travellers' cheques is that you tie up a large sum of cash, get relatively poor foreign exchange rates, and pay commission. The advantage is that, in the case of loss, a refund will usually be automatic.

The travelling businessman will also need some currency in the denomination of the country he is visiting—especially to pay for tips and taxis. There is a number of commercial schemes available to buy a "starter pack" of currency and coins for particular countries to simplify the first hurdle on arrival of getting from the airport to the hotel.



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Business Travel 7

UK international business traveller movements

Year	Foreign residents' visits to the UK			UK residents' visits overseas		
	Business visits (m)	Change on previous year (%)	Proportion of total visits (%)	Business visits (m)	Change on previous year (%)	Proportion of total visits (%)
1970	1.21	6.9	18.0	1.33	4.3	14.5
1971	1.38	14.3	19.3	1.23	0.2	13.0
1972	1.46	5.8	19.5	1.40	13.3	13.1
1973	1.61	10.2	19.7	1.69	20.9	14.4
1974	1.81	12.4	21.2	1.77	4.9	16.4
1975	1.78	-1.6	18.7	1.81	1.9	15.1
1976	1.93	8.5	17.9	2.05	13.7	17.8
1977	2.14	10.8	17.4	2.15	4.9	18.7
1978	2.30	7.1	18.1	2.26	5.0	16.8
1979	2.40	4.4	19.2	2.54	12.4	16.4
1980	2.57	7.1	20.6	2.69	5.8	15.4
1981	2.45	-4.4	21.4	2.74	1.9	14.3
1982	2.39	-2.4	20.6	2.77	1.0	13.4
1983	2.57	7.6	20.6	2.87	3.6	13.7
Average (% pa)	6.00			6.70		

Source: International Passenger Survey, Department of Trade and Industry, published in Business Monitor M6.



24-hour Mayday service

Europ Assistance coming to the aid of a patient being flown in for medical attention. The SOS service offered by the organisation is now a major international enterprise and last year responded to 110,000 "Mayday" calls for help. Europ Assistance provides a 24-hour service through its multi-lingual staff

A multi-million pound business for people on the move

Insurance
MOSS MURRAY

BUSINESS TRAVEL insurance has become a multi-million pound industry with 3m overseas business journeys being undertaken each year by UK residents. An estimated 60 per cent of all passengers on short haul scheduled flights to Europe are business travellers, while 50 per cent of British Airways' revenue comes from the business sector.

The need for company executives to have the correct travel insurance has become paramount. An increasing number of companies offer policies aimed specifically at businessmen who travel frequently, including cover for those who may have to travel abroad for as long as three months at a time.

The TravelCover Plus policy of Cornhill Insurance provides for up to £250,000 medical expenses anywhere in the world. It does not exclude existing physical defects unless the policyholder is travelling against the advice of a doctor, or in order to obtain medical treatment.

The policy also links the businessman with access to Assistance International, a 24-

hour English-speaking service geared to answer any SOS during a medical emergency, as well as cover for lost baggage, cancelled planes or delayed transport.

This particular policy promises up to £6,000 for cancellation or curtailment of travel plans, up to £2,000 for loss of baggage including money, and up to £3,000 for extra costs incurred by transport delays due to bad weather, strikes or breakdowns.

As for cost, a businessman or woman going on a month-long trip to Europe could receive full cover for just £33. A shorter trip of eight days or less would cost £16.

New from Accident & General is a tailor-made policy that provides blanket cover for those executives who travel only occasionally, and not just for directors who are constantly visiting overseas destinations.

Medical service

As well as including travel let-downs, delays, baggage loss, there is a 24-hour emergency medical service from Mediguard.

From the Travellers Insurance Association has come a comprehensive insurance package for business travellers with only two alternative premiums — either £100 for travelling within Europe, or £150 worldwide — irrespective of the

number of trips made. The pack includes cover for luggage, money, medical expenses, cancellation and curtailment charges, personal accident benefits, departure delays and personal liability.

Whatever insurance is being taken out, whether by an individual or a company, it is essential to check the compensation paid on different sections of a policy and any excess payable by the insured.

The obvious advantage of yearly insurance to the frequent traveller is that he does not have to worry each time he goes abroad. The Guardian Royal Exchange policy can cover travelling on business in the UK involving air travel, or wherever there is an overnight stay away from home.

GRE has extended its business travel policy to include travellers' samples under the luggage section and the single article limit is raised to £250. Under their money section the cash limit, as part of the money sum insured, is now £500 and the personal liability clause has been amended from £250,000 to £500,000.

Mr George Gardner, GRE's business travel underwriter, warns businessmen against forgetting, or deliberately ignoring the need for travel insurance. He says: "It is essential. Almost every company executive would find it embarrassing to have to

meet a large medical bill from their own resources.

The GRE is prepared to discount the premium when large numbers are being covered. The yearly premium for one person would be £159, but for 10 it could come down to £1,331, and for 50 the cost to a company could be £5,565, a potential saving of around £2,500. The cover offered is flexible and can either be comprehensive or selective. Holidays can also be included provided they are ancillary to the business journey.

Less lavish

Slightly less lavish in scale, but suitable for the majority of business travellers, is the scheme from Executive Travel Insurance, a company recommended by both the RAC and the Association of British Travel Agents.

With premiums frozen for the third year running they are offering protection for spouses and two children at a cost of £30 for up to three trips in any one year, although no stay abroad may be for more than three months. The policyholder can make unlimited journeys.

This is quite a bargain, as many two-week European summer holiday insurances can cost £35 for a family of four. Features include medical expenses totalling £100,000 worldwide, lost baggage compensa-

tion up to £1,000 and a "new for old" replacement of any items less than two years old, delayed baggage compensation of £100, cancellation costs up to £750 and transport disruption up to £500.

Because executives on business trips, particularly in Europe, are increasingly travelling by car, the SOS service offered by Europ Assistance has blossomed during the last decade into a major international enterprise. Last year 110,000 people issued their own "Mayday" calls for help to the organisation which offers comprehensive medical motoring and personal travel insurance cover both short and long term for businessmen and holiday-makers.

As members of Medastra, the recently formed Medical Assistance Companies Trade Association, together with GESA and Trans-Care International, Europ Assistance offers a 24 hours a day service every day of the year through its multi-lingual staff.

A single call to its headquarters at Europ Assistance House, Croydon, will, it claims, lead to instant action from its network, including doctors, hospitals, garages and travel organisations, who will arrange and provide whatever aid is needed, including the payment of doctors' and hospital bills. If necessary, an injured or sick

person is brought home by air ambulance.

In January Europ Assistance received a call from Rolls-Royce that one of their employees was in Michelin Clinic, Port Harcourt, Nigeria, suffering from a fractured pelvis. They wanted him brought home. Two days later Europ Assistance had him flown back to the UK on a Swissair Lear jet 35 accompanied by a Swiss doctor and nurse. On arrival in Glasgow they took him to the Victoria Hospital, Kirkcaldy. Costs incurred in that repatriation totalled £19,500.

Europ Assistance's latest innovation is a service called FleetAssist to cater for companies operating fleets of cars and light vans throughout Britain. In addition, arrangements can be made for fleet vehicles to be covered at a discount rate when taken to the Continent.

Expenses

For those who regularly hire a car while overseas, their annual policy includes a valuable extra section—Foreign Motoring Emergency Service. This covers most expenses incurred as a result of a vehicle, whether hired or owned, breaking down, including overnight accommodation, extra transport, repatriation of the vehicle once repaired, towing charges, customs duty etc.

A similar organisation is GESA Assistance, with offices in London's New Bridge Street. They insure at least 20m worldwide. Their service, which has been built up during the last 25 years, also operates round the clock, from 17 offices in Europe, North and South America, Africa and Asia. In 135 countries they have a network of doctors and correspondents — 4,500 in total.

Mr Stuart Packington, general manager of GESA, says: "The entire network is just a phone call away in any medical, motoring or personal emergency, with reverse charges being encouraged whenever possible. Everything needed is then co-ordinated from London. Anyone insured should not need to pay a single cent. We guarantee to pay all hospital bills or doctor's fees incurred abroad."

Centurion Assistance, however, is only available to American Express cardholders, but it offers, possibly, the least expensive policy of all. A premium of just £75 provides not only travel assistance and insurance benefits all year round outside the UK, and help in the event of accident, sudden illness or car breakdown, but a personal medical scheme which will bring doctors, nurses and the latest medical facilities to cardholders and cover expenses up to £75,000.

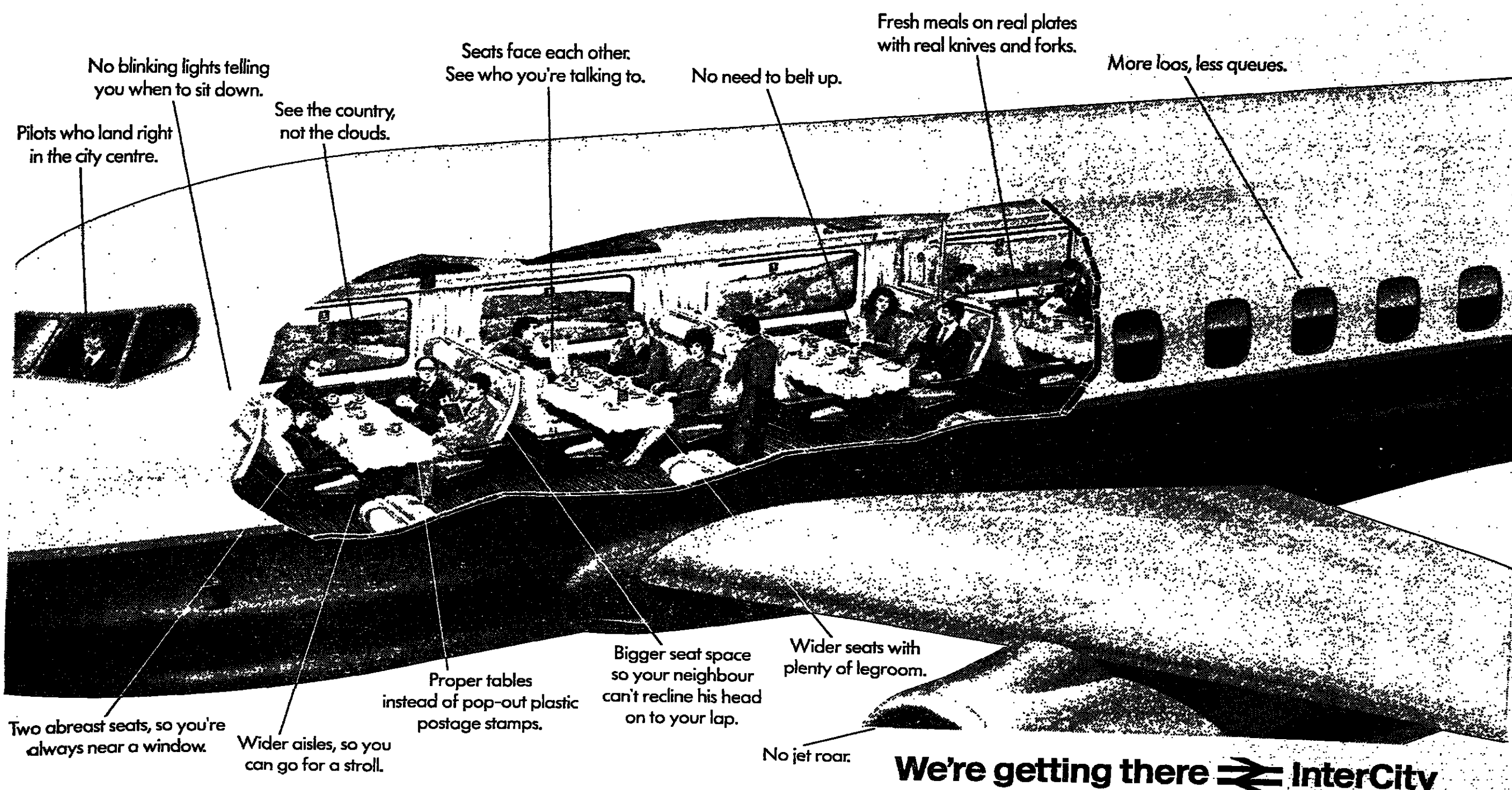
The policy includes the emergency vehicle assistance option covering roadside callout fees, hotel accommodation and the cost of returning the card-member's vehicle to the UK as well as up to £2,000 for journey reimbursement, luggage loss up to £1,000, personal money loss of £500 and personal liability cover up to £500,000.

Today's business traveller sadly has to be aware of one other type of emergency which requires insurance cover—hijacking.

Increasingly, companies are offering this protection. Pickford's business travel policy, available through all 212 of their travel shops throughout Britain, offers £1,000 per person per journey in the event of a traveller's aircraft being hijacked, while cover from the Guardian Royal Exchange is for £100 for each day, or part of a day, that the insured person is prevented from reaching his or her destination "through hijack of the conveying aircraft." Maximum benefit is £2,000.

A final necessity is the need to read the small print and make sure there is no clause in the policy making it invalid for just that area in which the executive is working or travelling. It takes ten minutes to check a policy. Because it can save tens of thousands of pounds, it will be time well spent.

How to improve a plane.



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No need to belt up.

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Pilots who land right in the city centre.

See the country, not the clouds.

Two abreast seats, so you're always near a window.

Wider aisles, so you can go for a stroll.

Proper tables instead of pop-out plastic postage stamps.

Bigger seat space so your neighbour can't recline his head on to your lap.

Wider seats with plenty of legroom.

No jet roar.

We're getting there  InterCity

JOHN L. 150

Business Travel 8



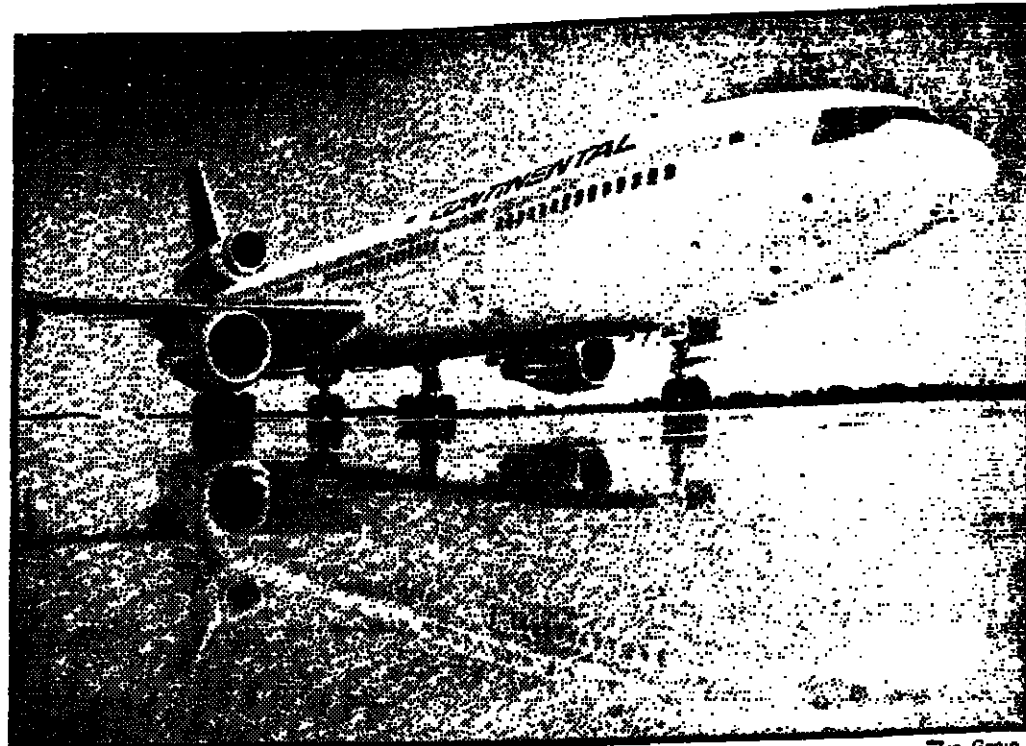
Ashley Ashwood

◀ LEFT

The world's first computerised databank of worldwide airlines, air charter companies, helicopter and air taxi operators involved in private air charter is being operated by air charter brokers Air London at Gatwick airport. The computer stores details of more than 2,500 operators flying more than 350 types of aircraft including helicopters.

RIGHT ▶

A McDonnell Douglas DC-10 series 30 of Continental Airlines which next week starts flights between Houston and Gatwick aimed particularly at business travellers



Glyn Genn

Airlines pay more attention to a lucrative sector

Air travel

MICHAEL DONNE

Aerospace Correspondent

THROUGHOUT the world, competition among the airlines for that most prized possession, the business traveller, has escalated over the past few years, so that today it has become almost a cut-throat affair, with even minor improvements in standards of comfort and service being offered and advertised as major "breakthroughs."

It took the economic recession to convince many of the world's airlines that the business traveller, although even he or she was travelling less frequently, was still the foundation of their economic wellbeing, especially on long distance routes.

Business travel, which some carriers had virtually taken for granted as "always being there" during the halcyon pre-recession days of burgeoning tourist and other leisure traffic, found itself being wooed as never before.

Earlier complaints that business travellers had been neglected—especially when it came to fares—were now being met with a new meaning, and airlines began to pay them much more attention.

The concept of the "three-class" aircraft, encompassing first-class, business class and economy class, became all-important and progressively airlines converted from the former two-class concept (first and economy) to cater for the increasingly vocal business travel-

lers who found a new power at their command—the ability to achieve changes in airline attitudes.

Some airlines, even today, try to deny that there has been any change at all in their attitudes: they maintain stoutly that they have always catered for the business traveller. The latter knows better and there is hardly any business traveller who will not immediately confirm that conditions today for him or her are far better than they were even as recently as the late 1970s and early 1980s.

They are consistently improving, as the airlines vie with each other for the lucrative custom that the business traveller provides.

The precise statistics for the volume of business travel on airlines vary widely, and they are often never published at all, being regarded as commercial secrets that no airline wants its rivals to have. But, in broad terms, the average is about 40 per cent for business travel and the rest leisure or other types of discretionary travel. The ratios will also vary widely according to routes.

Airlines which are predominantly "holiday" charter operators will either never carry businessmen (except those going on holiday), or carry a very few who are combining business with pleasure and use the charter flights as convenient.

British Airways, for example, finds that on its northern European routes, its traffic is predominantly business oriented, although this pattern is changing as more leisure traffic moves to those destinations. On southern European routes, to the Mediterranean, however, the preponderance is for leisure traffic, although here, too, there is a significant

proportion of business travellers.

The pattern varies also according to time of year. Southern European routes will carry fewer holiday travellers outside the summer months when the attractions of the Mediterranean are at their peak, while in the northern European region winter ski and other holidaymakers can provide a heavy volume of business.

Yet another change in the pattern that appears to be on the way is the growing pressure from some independent airlines who have in the past gained all, or most, of their business from holiday traffic, to be granted rights to sell up to 50 per cent of the seats on their flights for business and other travellers who do not want the full "inclusive package tour" arrangement of hotel and bus travel thrown in.

Logic

The logic of this is that many of the holiday airlines fly to destinations that are not served directly (especially from the UK) by scheduled airlines, and that there are many travellers, including some businessmen, who would welcome the chance of seat-only flights to those places.

If this plan currently proposed by British Island Airways and Orion Airways for flights into Spain and Portugal from Heathrow is approved, it could open the floodgates for a wide range of similar proposals from other operators to other places, and take traffic from the scheduled airlines.

British Airways opposes these plans. It argues that if approved, they would effectively create the equivalent of additional scheduled services (with

all that means for business travellers) especially out of Heathrow, with a large availability of seats.

For the business traveller, however, who may be looking for a seat to a place not otherwise directly served from the UK, it could be a useful addition to his travel plans.

Whether such plans come to fruition or not, the fact remains that as a whole, the scheduled airlines welcome business traffic, for the higher fares those travellers pay can generate much of the income that the extensively-discounted holiday traffic does not provide.

The encouragements airlines offer vary widely, from bigger, more comfortable seats (the most widely offered and most popular inducement of all), with increased leg room. This often involves the airlines fitting business-class cabins with seats of a standard originally reserved for first-class passengers.

The separate business-cabin itself is also a comparatively recent innovation, that became essential as more and more business travellers objected to being cooped up at their higher fares with the cheaper-rated leisure traffic.

Hassle disliked

The more lavish means (again, frequently now of a standard once reserved only for first-class travellers), and the specialised fast-check-in facilities that some airlines also offer are undeniable inducements to many business travellers like.

The reason, of course, is that the businessman does not like hassle. The very fact of having to make a business trip has already cost some considerable reorganisation of a traveller's

life-style, especially a rearrangement of family commitments.

Some may like that sort of thing; the majority of business travellers do not. They want the smoothest, most comfortable, trouble and hassle-free journey they can get, at the most reasonable price. The airlines that recognise that, and act upon the knowledge, can win significant victories in travellers' loyalties.

It is this thinking that is behind the spate of glossy, coloured advertisements appearing in business magazines and newspapers, competing for the precious higher fares that make all the difference to airline balance sheets.

It is the fundamental reason for airlines going out of their way to offer improved seating in their business cabins, with wider seats, fewer seats abreast and greater leg-room, and ensuring that those bane of business travellers' lives—holiday-making families, are excluded from those cabins.

After allowing for the primary desire of all air travellers—for on time, safe and reliable air transport—those three factors—comfort, standards of in-flight service and improved facilities on the ground—are the most important.

Business travellers tend to be conservative in their habits; contrary to the views expressed

by some airlines, they do not really like to "shop around" too much for their travel, even though they can be acutely price conscious. It has to be a substantial difference in quality between one airline and another to woo a business traveller away from the airline of his or her first choice.

Business travellers tend to prefer dealing with one particular airline—and that is often not necessarily the flag airline of his or her own country. Such travellers like the feeling of knowing how a particular airline operates, of what to expect both on the ground and in the air, the feeling of being "at home" with the way it treats them. The airline that can win that kind of brand loyalty has won a major victory.

Complaints

There is no snobbery in this, despite some criticism of the attitudes that have been made in travel and other journals. The business traveller is doing a job; he or she is paying a higher fare, and is entitled to demand higher comfort and privacy, even seclusion, in return.

Whether airlines are even aware of the loss of potential business they incur for failing to recognise, and abide by, those rules, is impossible to gauge. But it is a fact that every business traveller has his or

her own tale of some ghastly journey with one airline or another as a result of which they avoid that airline thereafter.

Ill-mannered cabin staff, or more customarily, ground staff, can make or break in five minutes an advertising campaign that has cost an airline many thousands of pounds and months of preparation, and yet there are still airlines that do not appear to understand the significance of the fact.

One of the most frequent complaints by business travellers about airlines covers the whole area of ground handling. Much money, time and attention is spent upon improving the air segment, but the total journey includes time and handling on the ground at the start and finish of that journey.

Both ends are important, but increasingly the handling at destination (which, also, can be the start of the return journey) is important, but so often the airlines forget it.

After a comfortable, efficient flight, too often the business passenger is ejected into a strange and unwelcoming environment, perhaps late at night, with little or no assistance in coping with the situation. Airlines that spend a great deal of time and money on catering for that situation with holiday (and especially package tour) travellers, appear

to forget that the business traveller can often also need similar facilities, even if it is only an airline staff officer to give immediate advice on currency exchange, taxis, hotel availability, and so on.

It is easy to dismiss this, as many airlines do, with the claim that it is not their affair, but that of the airport or some other provider of facilities. Perhaps, in truth, it is not their affair, but those airlines that take the trouble to make it their business can win friends and future air fares.

Equally, the provision of translation services, use of offices, secretaries, telephones, for bona fide business travellers can often make the difference between losing a customer or retaining one.

The essence of the situation is that, on virtually all air routes, short-haul and long-haul, there is always more than one airline competing for business, and on some routes (the UK-U.S. route is a good example) there can be many carriers fighting for what is a limited slice of the overall business travel budget.

The airlines' objective must be to capture, and retain, as many business travellers as they can, from a growing but also increasingly critical fraternity that recognises its market power, and is unhesitating in using it.

Market for link services

Regional air routes

LYNTON MCLAIN

SMALLER AIRLINES, and some of the bigger ones too, have been setting up new services in recent years to cater for a hitherto neglected category of business traveller—those living away from capital cities who do not necessarily want to spend several hours travelling to major airports before beginning their journeys.

Formal support and encouragement for smaller airlines, operating small aircraft to start air services on these routes between small towns and cities away from the main hubs of air transport came with the European Economic Community Council directive of July 25 1983 on "scheduled inter-regional air services" between member states. The broad aim of the council directive was to help develop air transport markets to contribute to the development of some of the more remote regions of member states.

The EEC laid down certain criteria for airlines wishing to start inter-regional services. These include a maximum aircraft capacity of 70 passengers or 30 tonnes take-off weight to be flown over distances of 400 kilometres, or over stages of

less than 400 km where natural obstacles and the sea cross a proposed route.

These cross-border inter-regional services are to operate to and from "category 2 and 3" airports, the smaller regional airports, away from capitals and main provincial centres.

One of the typical new services that has sprung up is the service between Southampton, on the Essex coast and Jutland in north Denmark. This is operated by the Danish Maersk airline.

Another newcomer in the UK is Euro Executive Commuter Airways. The airline has applied to the UK Civil Aviation Authority for a licence to start services from Stansted Airport, Essex to Rotterdam, Hanover, Cologne and Luxembourg. The new airline would offer scheduled passenger flights to business travellers.

Strong market

Mr Don McKenzie, the managing director of EEC Airways says he sees a "strong market" in serving these destinations on continental Europe from Stansted, whatever the outcome of the Government's consideration of the future of Stansted as the possible future third major airport for London.

The airline plans to buy three 19-seat twin-turboprop aircraft, either the Metro III from the U.S., or the British Aerospace Jetstream 31. The fares on EEC Airways would be £76 single from Stansted to

Cologne and £66 single to Rotterdam.

The airline has set itself a target of carrying 100,000 passengers a year in its first year of operations. A successful application to the CAA would lead to EEC Airways creating between 35 and 40 staff at Stansted, with all the staff having shares in the company, along the same lines as in People's Express.

Air UK already operates scheduled passenger flights from Stansted, to Paris, Brussels and Amsterdam and carries over 30,000 passengers a year. The airline has applied to start services to Frankfurt and Düsseldorf.

Scandinavian Airlines set up its EuroLink services for commuters last year. The services were inaugurated on December 17, using 40-seat Dutch Fokker F-27 airliners. The airline's DC-9s, of 75-seat and 110-seats, were too large to operate regional markets economically.

The services started between Copenhagen and Hamburg, with six flights a day; between Copenhagen and Kristiansund, four times a day; between Copenhagen and Oslo six times a day and between Oslo and Haugesund four times a day. The airline intends to provide at least double the daily frequencies on those routes where the F-27 replaces the DC-9.

Where the local regional markets are too small to support non-stop flights, SAA EuroLink will increase the number of link services to and from the main gateway airports. The airline

has set up a commuter operations department, which is required to make a profit in its own right, to run EuroLink with a staff of 90.

In the UK, Metropolitan Airways has been operating its Link City service between small towns and cities on a franchise arrangement with Dan-Air for the past two years. This arrangement is to be terminated this month and Metropolitan Airways will operate the routes completely independently of Dan-Air.

Day returns

Metropolitan Airways operates services linking its base at Bournemouth-Hurn Airport with Birmingham, Bristol, Cardiff, Glasgow, Leeds/Bradford, Manchester and Newcastle. The top single fare is £88 between Bournemouth and Glasgow.

The airline uses Shorts SD-30 aircraft, with seats for 30 passengers and offers day return tickets over most of its network.

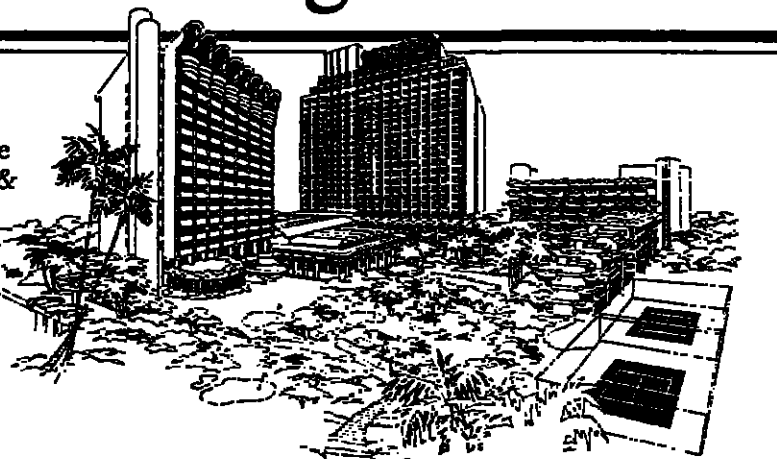
Another new UK airline, London European Airways, has taken delivery of a former British Air Ferries Viscount 800 four turboprop engine airliner. The aircraft is to be used on the airline's recently awarded route linking Luton Airport with Schiphol Airport Amsterdam, providing passengers with a new link to one of continental Europe's main international gateway airports. The airline offers a service twice daily.

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Delta Air Lines

Business Travel 9



The Pullman Lounge for first class Inter-City passengers at Kings Cross station; centre: travelling in the Executive Saloon and, far right, more comfort by High Speed Train for first class travellers

Railways raise the comfort level of executives

Rail services

PHILLIP HASTING

RAILWAYS HAVE for many years generally lagged well behind company cars and aircraft as the favoured mode of transport for business travellers.

Within the UK and much of Europe, for example, the large-scale development of motorways and air services over the last two decades has encouraged a large percentage of the business travel brigade to desert the railways which had until even 25 years ago often provided the most popular option for long-distance travel.

There are, however, definite signs that the transport wheel may be starting to turn full circle in some areas, notably in the UK, with increasingly serious efforts being made to bring rail back into fashion as a means of business travel.

Only last month, for example, British Rail revealed more details about a whole range of developments designed to step

up its recently formulated campaign to attract more business travellers on to Inter-City services — at present, business travel is reckoned to account for 35-40 per cent of Inter-City's annual £465m turnover.

Included in last month's developments was the opening at King's Cross station, London of a new luxury lounge for first-class Inter-City passengers, the first of a series of such facilities to be opened at leading British stations. Others are due to be opened this year at London Euston, Liverpool Lime Street, Manchester Piccadilly, Edinburgh, Newcastle and Leeds.

Developed jointly with American Express, the Inter-City Pullman Lounge, as the new King's Cross facility is labelled, has seating for up to 25 people, offers light refreshments throughout the day, a bar service during licensing hours and complimentary tea and coffee at all times.

Other features include Teletext, Oracle and Prestel information, portable pay phones, photocopier, and hotel reservation/car hire facilities. Access to the new lounge, which in addition to providing a rest and refreshment point is also designed to create a suitable

environment for brief business meetings, which will be restricted to passengers with full fare first-class tickets or executive tickets who also possess an AMEX card of a British Rail Travel Key card.

The latter, launched in 1983, is BR's own charge card for frequent business travellers. It offers a variety of special benefits to the individually identified user, including a 5 per cent discount off all rail travel purchased with the card; 10 per cent discounts from hotel groups; a 15 per cent discount from Godfrey Davis car hire; 10 per cent discount on full restaurant car meals bought from Travellers Fare and a 25 per cent discount on sleeper supplements.

Newsletter

Other benefits planned for the future include guaranteed spaces in BR car parks and a regular newsletter to keep cardholders up to date with new facilities and services being introduced by BR for business travellers.

Offered only to people travelling for a company or a partnership, Travel Key makes an

annual charge of £12.50 per card for one to five cards, coming down to £7.50 per card for six or more.

The steady development of the Travel Key scheme and the opening last month of the Inter-City Pullman Lounge at King's Cross are in fact just two of the more obvious signs of BR's new enthusiasm for attracting business travellers. The opening of the luxury lounge, for instance, is said by BR to herald the start of a "new era for Pullman services" in Britain. Backing up this claim, BR is planning to expand substantially the present Pullman services which involve twice-daily trains in each direction between London and Manchester.

From May 13, this operation will be extended to ten trains a day between London Euston and Manchester Piccadilly, Monday to Friday, with a morning and evening service also calling at Stoke-on-Trent. Two new Pullman services are to be introduced from the same date: the Merseyside Pullman and the Yorkshire Pullman.

The former will consist of four trains a day between London Euston and Liverpool Lime Street and the latter a departure

each weekday morning from Leeds and evening return from King's Cross, with an additional leg to Bradford.

During the summer, new services on the West Coast main line will be equipped with new Pullman carriages. For the first time on Pullman trains, coin box telephones will be available to passengers travelling on those routes.

In addition, Inter-City is spending some £12m over the next 18 months in a major refurbishment of over 400 passenger coaches. All the refurbished coaches will be air-conditioned, with first-class accommodation featuring a subdued pink decor and second-class a red-dominated colour scheme.

Apart from new facilities and services, BR also offers a number of ticket deals of particular interest to business travellers. Included in this category is the Inter-City Executive ticket, an all-in-one package covering first-class return travel, Monday to Friday for outward journeys and reserved seat; Travellers Fare vouchers to the value of £7; 24 hours free car parking at Stevenage, Luton and Reading; and a voucher offering 10 per cent discount on Godfrey Davis car hire. Tickets have to

be bought in advance, not later than 1600 hours the day before departure.

Elsewhere in Europe, other railway organisations are also stepping up their efforts to win more business travel customers with improved services, better facilities and special deals.

Restructuring

Deutsche Bundesbahn (German Federal Railway), for example, is restructuring its hourly four-route InterCity network and from June will introduce a fifth IC route between Dortmund and Munich. The new route, which will take in Wuppertal, Cologne, Mainz, Frankfurt, Würzburg, Nürnberg and Augsburg, will also allow Frankfurt Airport to be served for the first time by hourly IC trains.

The other IC routes operated from June will be Hamburg-Frankfurt, Hanover-Munich, Hamburg-Basel and Hamburg-Munich.

According to DB, the restructured IC network will offer business travellers journey times which are on average 8 per cent faster, fewer "cross-the-platform" changes and a higher standard of on-board service in both first and second class sec-

tions. In connection with the last-named, DB is recruiting 1,000 additional staff in the form of stewards and stewardesses to give more help to passengers.

Longer term, DB is also now looking at new designs for its coaches and prototypes featuring seating grouped in bays, luggage lockers and telephone compartments are due to be put into service in 1989-90.

For visitors to West Germany, DB offers various forms of Tourist Card which despite the name can prove of considerable cost benefit to business travellers with a fair amount of ground to cover. A card offering unlimited travel for four days, first class, costs £80 (£44 for second class) and there are other deals available for nine and 15-day periods.

Most of the major European railways in fact offer similar sorts of ticket. One which might be of particular interest to business people visiting one or more of the Benelux countries is a five-day Benelux Tourist ticket issued by Belgian, Netherlands and Luxembourg Railways.

Valid for any five days in a 17-day period, the ticket allows holders to travel freely within the Benelux region without any

distance limit. Cost is around £50 for a first-class ticket or £33 for second-class.

Next major development likely to interest international business travellers using Nederlandse Spoorwegen (Netherlands Railway) should be the completion next year of a loop line connecting Schiphol Airport with Amsterdam Central Station—at present, trains to and from the airport operate only into stations in the southern part of the city where connecting transport services are often not as good as from Amsterdam CS.

Outside Europe, there are few parts of the world where the international business traveller is offered much to tempt more than a cursory glance at rail travel as an alternative to the plane or the car. North America has the track networks but the availability of frequent and relatively cheap air fares plus a general public fondness for the car have led to U.S. and Canadian railways tending to concentrate on freight and tourist travel business. Other countries around the world generally tend to lack the service frequencies or quality of accommodation to tempt visiting businessmen back on to the rails.

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AIR CANADA

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Hotels

ARTHUR SANDLES

JUST WHEN you thought the hotel had reached its ultimate with the new wave of the Seventies things have started to change again. The theme of the late Eighties, which may sound a little odd at first sight, is think big on a small scale.

The big part is big rooms and abundant service, the small is the actual size of the properties. The move towards club areas in big hotels has become an avalanche, and there is a rash of building world-wide of small, luxury properties, many of them all-suite ventures appealing to the very top segment of the business travel market.

Behind the scenes, as with so many sectors of business today, new technology is having a considerable impact. In theory, this leads to hoteliers having much greater knowledge of their own room availability and much greater flexibility in dealing with reservations. It also should mean an improvement in service.

If you have noticed a rise in the number of mailing shots you get from hotels these days it is simply because of the growing number of computers that have you on file. More significantly a properly used computer system will identify instantly any client seeking service regardless of the size of the hotel—thus the new Regent hotel in Sydney, for example, is able to respond to every in-house phone call with a "Yes, Mr. . . . How can we help you."

Be it fashion or based on reality the changing tastes of the business traveller and the innovations of competitors are a major concern to the major groups around the world. For all of them the business traveller is the biggest single market and for most it is the dominant source of revenue. The business traveller may be demanding, but that traveller is also likely to be high spending and, whatever the corporate treasurer might say, less price sensitive than other travellers, particularly on peripheral services.

The demanding aspect comes both from individuals and companies. Individuals may demand to be pampered, companies want more. Not long ago I was in a Westin hotel which had just been screened and passed by a big U.S. corporation before it would be used by them.



The trend is towards privacy and seclusion for top businessmen. Above: the Queen Anne suite at the Inn on the Park in Mayfair

"They sent a team in here," said the manager. "They checked our fire systems and all our security. Yes, they wanted to know if we were a good hotel to stay in, but also if their people would be safe here. A good executive is too valuable to lose."

Club areas

This enthusiasm to protect the value of their manpower investment included an insistence that its staff would only be accommodated on the lower floors—none of its key people were going to be caught in some towering inferno.

The implications of increasing personal requirements from a hotel can be seen clearly in the growth of club areas and the development of small hotels. There is no doubt that the large hotel chains were very worried, and indeed continue to have that worry, about the drift of their very highest spending customers away to smaller properties.

It is hardly a secret that in London, for example, that the Inn on the Park has been one of the most successful hotels on the Park Lane strip, but it is also one of the smallest. While others have their off-period properties, such as the Connaught and the Stafford, run at

very high occupancy rates, they are tiny by international standards.

Staying in a small luxury hotel, many of them in the U.S., in particular, being all-suite properties, appeals both to the suburban tastes of the executive but also give an aura of knowing where the best is to be found. It is a status symbol.

The owners of small hotels make no bones about appealing to this little bit of status-seeking. "While there will always be appreciation for greater public space, glittering chandeliers and regal appointments, more and more travellers demand quiet space and comfortable quarters, suitable for business and entertaining," says Mr. Severn Ashkenazy, founder of the much-praised L'Ermite group of hotels in California.

"A business person, travelling from city to city, needs a warm and friendly environment, comfortable surroundings and service that is attentive. What he seeks really is compassion, freedom from the annoyances and the fast pace of business travel."

Whether that freedom can be associated with the fact that many of the Ashkenazy rooms these days have two-line telephones, so that you can make

an outgoing call while holding on to an incoming one, may be a matter of argument.

The basic theory is one that has not been lost on the big league competition, however. Nor has the fact that by having executive floors a hotel can charge a premium price in much the same way as the airlines do for their business class areas on long haul.

By sifting out the potentially high spenders from the tour groups and conventioners there is little doubt that the hotels hope to encourage both long-term loyalty and a short-term eagerness to spend more.

This long-term loyalty is also encouraged by schemes, twins of which are referred to in other articles in this survey. These take three forms: The basic executive club memberships, which are the type most usually seen in Europe (thanks to the tax problems); discount schemes; and full-scale loyalty programmes with bonuses to be won.

Executive club memberships offer customers guaranteed accommodation for the night, upgrades, personal cheque cashing and little touches like fruit or liquor in the rooms. Hilton's Vista Club, Quality's Blue Ribbon scheme, and Sheraton's executive traveller programme

are all in this bracket.

Most of these also offer some form of corporate rate discount, but this is the main prong of attack by the schemes operated by Trusthouse Forte (which has a Gold Card and a Silver Card scheme), Crest, Thisle (which also adds periodic extra schemes, one of which has just finished), Howard Johnson and Best Western.

Crest has been running a scheme which involves prizes for regular use of its hotels in doing this. In the U.S. however, such schemes are often found. Holiday Inns, Howard Johnson and Ramada, rivals of old, operate reward schemes.

For anyone spending a couple of weeks or more a year in the U.S. it might even be worth signing up with one of them since you can soon earn enough points to win appreciable prizes providing you stick to one hotel chain. It is unlikely, however, that a European visitor would clock up the 325 bed-nights that Howard Johnson requires before giving you a two week holiday for two—and it's a holiday in Europe anyway.

Consortium

Basically, none the less, it is only at the very top of the business level, and perhaps at the very bottom, that the smaller independent hotels come into their own. In the middle market the chains dominate, and for obvious reasons. Basically their uniformity of service gives the traveller, and the traveller's employer considerable reassurance.

They are also able to negotiate terms on a national, and often global, basis. Knowing what you are going to get and how much you are going to pay for it is a considerable attraction when choosing a hotel in a strange city.

The smaller independent properties are well aware of this and most of them seem to have joined some sort of marketing consortium in order to offer chain status, and chain reassurance about standards.

There is little doubt that the constant recent advances in reservation technology have accelerated the need for the independently-owned hotels to group into alliances. Increasingly, the ease of communication and changed plans is of importance. Thus we are back to technology and its long-term implications. For the hotel industry, as for all other parts of the travel business, it seems to be crucial.

Daily hotel costs in top 40 cities

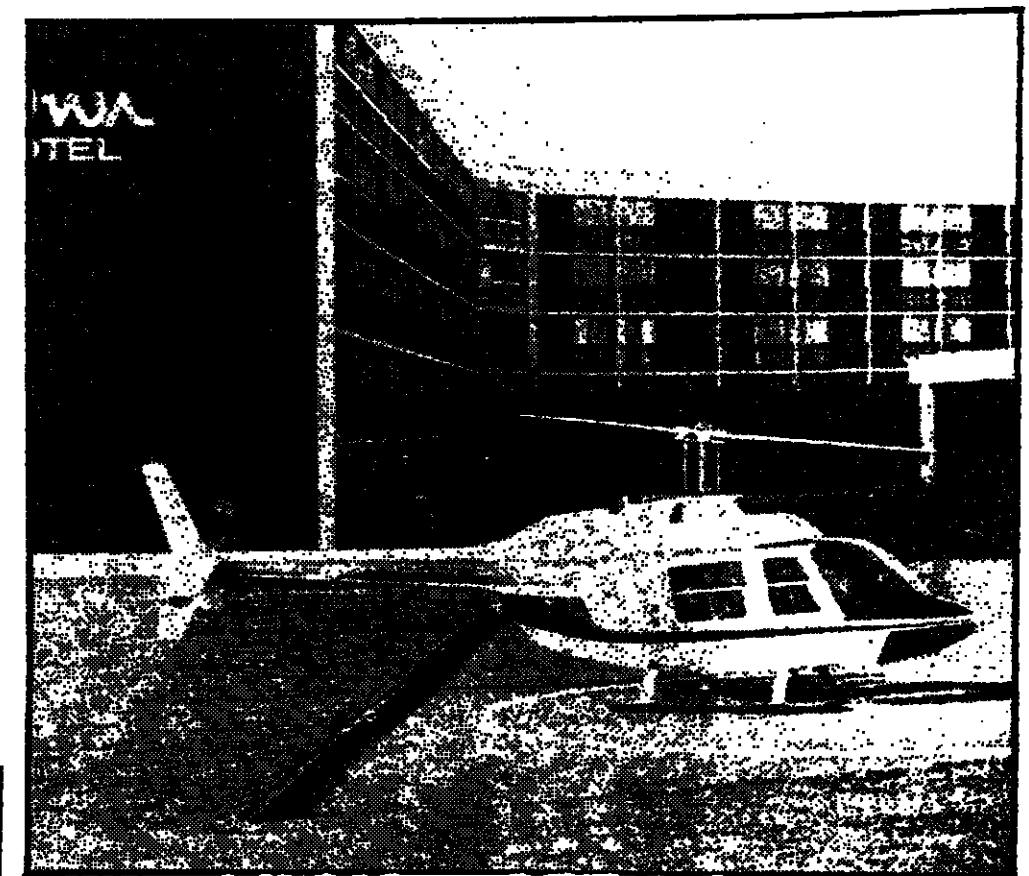
(Expenditure by travelling executives, October 1984 prices)

City	Daily accommodation and meal costs*	Ranking	City	Daily accommodation and meal costs*	Ranking
AMERICAS			REST OF WORLD		
Chicago	157	10	Abu Dhabi	253	1
Houston	137	16	Bangkok	128	21
Los Angeles	155	11	Beijing/Peking	114	26
Miami	153	12	Bombay	117	24
New York	175	7	Cairo	145	13
Caracas	97	33	Hong Kong	165	8
Mexico City	177	6	Jeddah	84	38
Montreal	131	20	Johannesburg	241	2
Rio de Janeiro	97	33	Lagos	94	36
EUROPE			Nairobi	177	5
Amsterdam	103	32	Singapore	158	9
Athens	96	35	Sydney	137	16
Brussels	104	31	Tel Aviv	141	14
Copenhagen	112	28	Tokyo	55	40
Dublin	105	30	Tunis		
Frankfurt	137	16			
Geneva	118	23			
Istanbul	136	19			
Lisbon	72	39			
London	169	3			
Madrid	92	37			

*The basket of tourism products included is that used by Business International SA in its Guide to Executive Travel Costs, ie single room with bath at a good, moderately-priced hotel, with taxes and service charges included; a business lunch for two persons at a fashionable restaurant; and a simple meal for one person at a comfortable restaurant or hotel.

Source: Author's estimates based on cost data obtained locally and from the BI Guide to Executive Travel Costs, 1984 (publisher: Business International SA, Geneva), his own forecasts of domestic inflation and exchange rates drawn from the Financial Times' "World Value of the Dollar" (as at October 17 1984).

International Business Travel—A new megamarket. The Economist price £96.



Arriving by helicopter at the Holiday Inn, Heathrow

Profile of the world's largest hotel group

Upmarket image for the boardroom

Holiday Inns

DAVID CHURCHILL

HOLIDAY INNS, the world's largest hotel group with more than 1,700 hotels and 310,000 guest rooms world-wide, is chasing after the business traveller with a vengeance.

The company, founded in 1951 in the U.S., developed in the 1950s as a value-for-money motel chain which took advantage of the expanding interstate motorway system in the U.S. Through franchising, the company grew rapidly in the '60s and '70s to emerge as the major hotel chain in the world (more than three times the size of its nearest rivals) and now about three-quarters of its world-wide operations are franchised.

However, Holiday Inns' very success has begun to cause it a few problems in recent years since its image became the very opposite of the very standards of hotels. In the U.S., for example, the American executive would not normally consider staying in a Holiday Inn because of its down-market image and facilities.

In Europe and many other countries, however, Holiday Inns are a fairly up-market type of hotel well suited to the needs of the travelling businessman.

The problem was that American executives travelling abroad were reluctant to book into Holiday Inns—not realising that they were a very different class of hotel outside the U.S.—while businessmen travelling to the U.S. and staying in Holiday Inns became a little disillusioned.

The problem for Holiday Inns, moreover, is that the U.S. leisure market has been a bit capricious in recent years—up one year and down the next—which made it all the more important to tap into the business market.

The company's response to this dilemma has been on several levels. In the U.S. it has embarked on a market segmentation approach—aiming to

reach different markets by modifying its hotels. Thus in the U.S. it is converting the cream of its hotels, or acquiring new ones, to develop a chain of Holiday Inn Crowne Plazas. These are described as "four-star properties-plus" and offer extra services not previously available in Holiday Inns.

These extra services include a concierge floor—to be called Executive Clubs in the UK—with extra services; a cafe and a second, speciality restaurant; and small to medium room facilities with a boardroom.

Room rates, not surprisingly, will be significantly higher than for a standard U.S. Holiday Inn room rate—about 40 per cent higher—but still marginally less than business class hotels with which it is competing.

The other major U.S. development for the business traveller is the creation of Embassy Suites to cater for the business traveller. These suites provide all the facilities to make the business traveller staying for a week or more both comfortable and in touch with his company and clients.

Extending both these concepts to the UK is still being debated by Holiday Inns since the corporate image in the UK and Europe is already sufficiently high to attract the business traveller.

While the facilities are up to standard in the UK and Europe, however, there is some concern that the architecture of the top-class hotels needs improving, either by refurbishing or by relocation. Crowne Plaza type Holiday Inns are already earmarked for Europe, as are the Embassy Suite operations.

Advantage

One considerable advantage that Holiday Inns enjoys in providing hotel accommodation for the business traveller is in its world-wide bookings system. Holiday Inns pioneered in the 1960s a computerised reservations system which has now been replaced with a system, called "Holiday 11," which enables it to give instantaneous confirmation of a booking through any Holiday Inns hotel world-wide.

This system makes the company second only to the U.S. Government in terms of the size of its telecommunications network and the computer is considered as a back-up for U.S. civil defence in the event of a nuclear attack.

Holiday Inns is also part-owner of a satellite called HINET, which is the largest privately owned satellite video reception network in the U.S. Not only does this transmit Home Box Office in-home video movies but also has facilities for video conferencing.

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Special Report No.189

International Business Travel A NEW MEGAMARKET

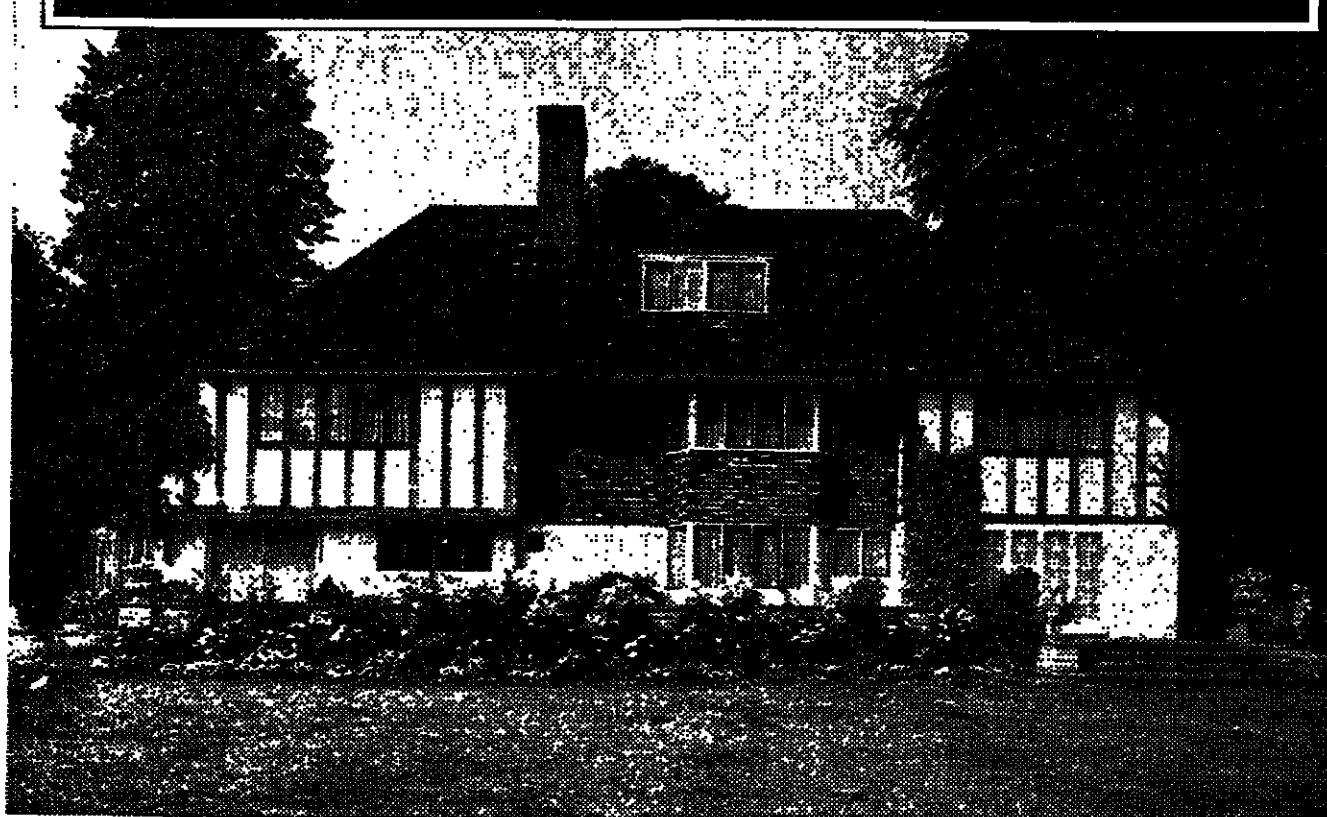
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One of Singapore's best-known landmarks, Raffles Hotel. Right: tourists drawn to one of Hawaii's scenic splendours

When it's time to relax

Stopovers

ARTHUR SANDLES

THERE ARE those who claim never to be affected by jetlag, but I have met very few travellers for whom the reality is quite so simple. Everyone has their patent theories on how to minimise the bug, ranging from potent pills to silent meditation. I'm firmly in the no-alcohol camp, but one of the best answers, if you have the time, is the stopover, or what our North American readers might call the layover.

Some destinations, Singapore and Hawaii, for example, have made the stopover a major part of their business for a very long time. For these and many other the habit dates back to the days of piston engine travel when the stopover was not just an option, it was an essential. There is more than one reason for a stopover. To relax after a hard business trip, or restful preparation for negotiations to come, can be added the desire to do a little shopping as well as the sheer pleasure of arriving somewhere that offers sophisticated, everything works, environment, when you've spent weeks struggling against inefficiency and red tape.

There is one basic essential for a stopover destination—it should be easy to get at. Places like Athens and Rome and Bangkok sound like nice places to be for a few days, but in fact

the hassle of getting to and from the airport alone is sufficient a deterrent to get them crossed off most lists. So which are the best? In no particular order my own prizes would go to the following (first class, then resort destinations):

London. Not just chavvinism. London is one of the easiest cities in the world to get around in and is rich in arts, shopping and plenty of interest for just walking around. Leave your heavy baggage at the airport and get the underground into the centre. Avoid August, when there are too many crowds, and late November—mid-January when the weather is foul.

Amsterdam. A city for walking and simply soaking up the atmosphere. Lots of nice small hotels if you want to get away from the glossy chains. Schiphol may seem too far away for comfort but communications are good and the airport itself is rightly renowned for its ease of making flight connections.

Boston. Chosen ahead of New York because it is much, much easier to get down-town from the airport and because the city itself is much more manageable for a brief visit. If you are on your way back to Europe pick up some New England lobster, the UK customs do not object even if you bring them back live.

Singapore. The capital of the stopover business. You can just turn up at the airport and be faced with a wide array of offers for short stay visiting, wonderfully efficient city which is becoming a little too antiseptic for some tastes. The

hotels are among the best in the world. Hong Kong. Enthusiasts for Hong Kong's outer islands and water pursuits might object to it being placed in the city stopover list, but for the short-term visitor that is what it is. It has much more atmosphere than Singapore and the prices are considerably lower. For a short visit stay in Kowloon, choosing between the Peninsula or the Regent if you want to indulge yourself.

Safe

All these cities are nice places to be, are relatively safe, have good hotels and restaurants and sit on major air routes junctions. Finding resort destinations with such qualifications is less easy. Two obvious ones stand out, and both of them are in the Pacific.

Hawaii could hardly be more conveniently placed, sitting comfortably in the north central Pacific astride the routes from Japan to the U.S. West Coast and from Australasia to Europe on the Northern Polar run. Honolulu can be a bit of a madhouse and perhaps not recommended for a restful couple of days, but there are frequent and inexpensive flights out of the main airport to the outer islands. For a short stay I would choose Maui or Kauai.

Fiji: A little less sophisticated than the Hawaiian islands but none the worse for that. The ideal place to rest en route for Australia to catch up with some of the changes at least. Try the Fijian Hotel, its been a favourite for stopovers for a couple of genera-

tions now—a fact I write with sadness since I remember staying in it when it was new.

While in Pacific waters it is worth noting the islands off the Australian coast within fairly easy reach of Brisbane, Dunk and Heron are retreats worth thinking about.

Somewhat longer, and also involving a bit of side journeying, is the Malaysian island of Penang. Part of what might best be described as the sanitised Orient, Penang has a lot of the colour but little of the hassle of the Far East. It also has some very good hotels on excellent beaches.

If it is beaches and sunshine that you are after on the other side of the globe it would be foolish to overlook Florida. The resorts of the Florida east coast may be unfashionable for the jet set these days. They are dismissively described as the Costa Geriatrics. But it is difficult to think of anywhere so accessible which has the range of accommodation, such a superb climate, and excellent attractions if you get bored easily, at such a good price. Orlando is increasingly a major U.S. international gateway city, competing with Miami down the road.

While still in North America a stopover which should not be overlooked, particularly in late winter, is Anchorage. Watch for a moment the airline crews who get off in the Alaskan city (it is not the capital) and you will see a surprising number of them carrying skis. They know Alaska's little secret. Mount Alyeska is a very good ski resort within reasonable driving distance of the airport.

Do's and don'ts for travellers

Personal security

CHARLES BATCHELOR

WHICH AIRLINE to Beirut? Which hotel in Manila? How to travel from Maputo to Beirut—hire car or scheduled airline? Security for the travelling businessman involves a range of choices from the obvious to the seemingly trivial.

Without becoming neurotic about the potential threat, the traveller should be aware of precautions that can be taken and of those that must be taken in the less stable parts of the world.

"Much of it is common sense," says Mr Peter Janke, head of research at Control Risks, a London-based company specialising in the assessment

of political and terrorist risks. But even common sense needs to be taught to people travelling to an unfamiliar country.

So what can the traveller do to minimise the threat?

● Before setting out he should consult a good, recent guidebook to the area. This should carry basic advice such as: avoid crowds in public places like bus and railway stations in certain parts of Latin America. These provide cover for professional gangsters to rob the individual traveller.

● Beware of the "plain clothes policeman" who asks you to accompany him. Ask for identification or insist you go to a nearby police station.

● When flying to an unsettled part of the world, weigh up whether the threat of an aircraft hijacking is greater on a European airline or the local carrier.

● Choose your hotel carefully. An American chain, for example, might be a target for anti-American sentiment in some parts of the Third World—or even in Europe. Make sure your hotel is not next to a possible target for protest such as a ministry building, an embassy or consulate or a military barracks.

Hotel groups, particularly the international chains, are aware of the potential threat and can usually be expected to take precautions. This will probably start with the design of building—avoiding quiet corners in public rooms—to surveillance of the behaviour of guests in the lobby.

"The nature of hotels—lots of strangers with luggage—means we face a dilemma," says Mr Roger Pennington, London-based director for public relations of Hilton International.

"The answer is alert in-house security people and lots of pairs of eyes. We have to be able to identify people to prevent them dumping explosives on the carpet. Normally the air-traveller will walk straight to the check-in."

Hotels are moving to more sophisticated locking systems for guest bedrooms. An electronic key card is now available which can be coded for the individual guest. The card can be given a period of validity limited to the guest's stay and can even be coded to restrict the access of hotel staff to the room to certain times of day.

Hotel guests are advised to use either the room safe or the safe deposit facility at reception. If passports or valuables are stolen then at least responsibility for compensating the traveller lies with the hotel.

● Be careful how you travel within a country. Do not automatically use a hire car in parts of Africa or Latin America for example. Roads can be subject to guerrilla attack. Use the local airline for longer trips. Do not use unregistered taxis from the airport or railway station.

● Do not carry much cash with you. Travellers cheques and credit cards are safer. In some countries, cash may be needed to pay off corrupt customs officials or policemen.

● Do not offend local custom or decency, particularly in Islamic countries.

● Be careful in your choice of bars and clubs for evening entertainment. Take the advice of the hotel porter or local residents on which parts of town

are not safe for the stranger.

Kidnap is not usually a threat which faces the traveller. Kidnap attempts usually involve a great deal of planning and relies on the kidnappers knowing their intended victim's daily routine.

The traveller will not stay long enough to establish a pattern and is unlikely to be seen as a potential target by local terrorist or criminal groups. The long-term foreign resident is however at risk in some parts of the world.

Nor is industrial espionage likely to be a major threat for the traveller though he is advised not to take sensitive documents explaining an entire process or product with him. Most Third World countries are unlikely to have the skills to carry out effective bugging.

Mugging risk

If there is a threat it is more likely to come from more sophisticated regimes. Peter Janke doubts that Eastern Bloc governments would attempt to steal secrets from visiting businessmen. If they invite you to do business they usually play by the rules, he says.

What are the most dangerous parts of the world? That depends partly on the nature of the threat.

The risk of mugging, for example, is greater in Europe and North America than in most Third World countries. Asian cities are fairly safe—more so than large Latin American centres.

The large cities of the U.S. Mid-West are generally safer than those on the East or West Coasts. Within Europe Zurich is safer than Rome in terms of street crime while Madrid is probably safer than London or Paris.

On the larger scale of the terrorist threat, countries in civil turmoil pose the greatest danger.

Countries in this situation include Peru, El Salvador, rural Guatemala, Angola, Mozambique and Ethiopia.

It is not that the world has become a more dangerous place, Mr Janke believes. But the growth of international trade has sent businessmen and exporters into increasingly far-flung parts in pursuit of business. There they are confronted with unfamiliar and sometimes threatening situations. With care, though, many of the risks can be avoided.

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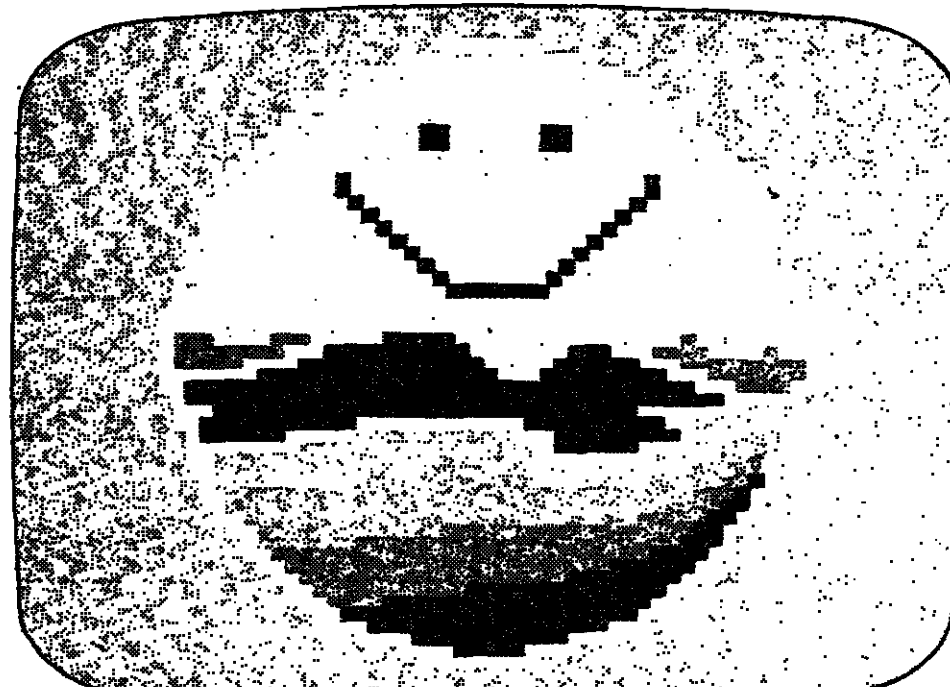
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The conference itself was a great success and I am sure you will find delegates returning to Jersey as a result of the weekend' said Catherine Welsh, Marketing Manager, Oracle Teletext Ltd.

Oracle's conference got off to an impressive start with a cocktail party hosted by Jersey Tourism at historic St Ouens Manor.

150 delegates stayed in one of Jersey's 3-sun hotels, and used Fort Regent's fully equipped Don Theatre for the conference itself.

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Business Travel 12

Services expand at business centres

Instant Offices

MOSS MURRAY

AS OFFICE rents and rates continue to soar, and staff salaries rise to sometimes prohibitive levels, many small businesses—and quite a few large, internationally known companies, too—are finding it makes economic sense to move into fully furnished, serviced and equipped suites of offices at business centres.

Strangely, many executives have never heard of a business centre. Nor are they listed as such in local directories. Yet in towns and cities throughout the UK, and increasingly in Europe and around the world, they are growing in numbers.

In Switzerland recently I asked nine Swiss businessmen and women where I could find a business centre. None knew. Yet in Zurich, International Office Services, a link in the chain of World-Wide Business Centres, has 15 offices on three floors in a new office building at 32 Rennweg. Here you are greeted by a multilingual receptionist and the use of a well furnished office costs SwFr 125 (£5.35) per day, SwFr 600 for a week, or from SwFr 2,300 for a month.

At the London headquarters of World-Wide Business Centres

in the Strand, not far from the Savoy Hotel, their full facility plan costs between £675 and £1,250 a month. The charge includes an equipped and furnished office, full time receptionist, mail and telex services, 24-hour access, all cleaning and maintenance, phones, plus access to a typing pool and photocopying on a pay-as-you-use basis.

The company's identity plan gives businessmen their own exclusive phone number, plus a shared switchboard and a receptionist who will receive visitors and accept packages when the client is not there. This costs £450 a quarter. Alternatively, for £85 a quarter, prepaid, the organisation will forward company mail and provide a listing at the building's entrance. Office suites in the Strand can be rented for as little as £13.50 per hour.

Luxurious

One of the most luxurious of the London centres is Asphalte House in Palace Street, a few yards from Victoria Station. Here the communal and reception areas are marble lined and the services include comfortable and spacious offices, a computerised telephone system and telex operated on a time charge basis by trained staff. Secretarial services are also on tap.

Other facilities include message taking, mail handling,

facsimile communications, use of boardrooms for meetings, and a computerised security system which restricts entry to those floors where the user's office and boardroom are situated.

The danger of fly by night companies seeking space and defaulting on payment of licence fees is an ever present hazard for business centres. At Asphalte House, Executrade requires a deposit of £750 per suite, which is refunded when the arrangement ends. The licence fee for the period of the initial agreement, as well as a reception fee of £30 per week per suite to cover phones, telex and fax answering, receiving and sorting mail, and telephone rental. Typing and word processing is available at £14 per hour. Accounts may be settled by cheque or American Express and Diners Club cards.

On London's Oxford Street, Capital Executive Offices at Avon House, opposite Bond Street tube station, charge from £500 to £1,500 a month. Insurance brokers, import/export agencies, fashion firms and an international translation network are current licensees who find it saves money having a communally serviced office in the heart of the West End which avoids the time-wasting frustration of searching for a suitable location, arranging for it to be painted and partitioned,

and overcoming the sometimes seemingly endless legal delays.

Impressive

Hundreds of overseas companies now occupy offices in business centres in London and elsewhere in the UK. Their neighbours are several thousand small and large British organisations. All have learned that doing business from a hotel room or home is not always the best way to influence a potential client or customer. An office with your name listed in reception is rather more impressive.

For the new entrepreneur setting up his or her own business, the savings can be considerable. Maureen Lefort, manager of World-Wide Business Centres in London, has worked out that, an office in central London with reception area, meeting room and kitchen requires a minimum of 500 sq ft of usable space and can cost much more than £10,000 per year, plus a landlord's demand for a three-year agreement.

Charges, she says, for a well-furnished office in the heart of the capital can be half this sum. Salary savings can be equally significant.

Around the world similar services, and savings, can be achieved. In New York, World-Wide Business Centres at 575 Madison Avenue offers 140 suites and offices for rental by the hour, daily or for extended periods. Founded by an Englishman in 1970, the organisation,

in addition to the normal range of facilities, offers book-keepers, sales staff, multi-lingual assistants, plus a building directory listing. Costs are from \$18 an hour or \$90 per day.

World-Wide were followed in 1982 by Business Centres International at 150 East 58th Street. Backed by a group of Gulf investors, and located on the penthouse floor of the Architects and Designers Building, it offers wide mirrored hallways and 37 offices with full staff support.

All clients are screened. One of their executives said: "We expect our customers to be well-dressed businessmen. If it is a group of hippies starting a record business, they may make a million dollars, but we don't want them." Most other business centres around the world operate similar unprinted and unofficial guidelines.

During the last few years more than 50 shared office facilities have opened in major cities across the U.S. Others are now available in Amsterdam, Athens, Bombay, Brussels, Dubai, Madrid, Milan, Paris, Rome and Singapore.

In Nigeria, where the prevailing economic recession makes the expense of running a permanent office something of a hazard, Business Systems offer a corporate management service including fully furnished offices, telephone and mail facilities and an international messenger service as well as typing and



Reception and office in the Strand offices of World-Wide Business Centres

Wide range at Heathrow

THE HEATHROW Business Centre which is at Terminal Two of London's main scheduled airport has proved to be a considerable attraction. The centre is heavily used on a short-term basis, the purpose for which it was primarily designed, but has also attracted one or two long-term users.

the preparation of legal documents, manuscripts, price lists, reports and manuals.

Everywhere the attractions are space, location, service and savings. With rents in New York—and elsewhere—having quadrupled during the past decade, the idea has proved

The centre opened in late 1982 as the result of thinking along the same lines by the British Airports Authority and Mr Roger Penington. Fully equipped, the centre charges a basic annual membership fee of £75 and then makes on-charges for all particular facilities used—they range from meeting

rooms and secretarial services to telexing and facsimile transmission.

"Offices, workstations and a wide range of back-up services are available by the hour or by the day," says Mr Penington. "Office equipment at the centre is the latest that technology can provide."

specially attractive to the proliferating numbers of self-employed service professionals. But not only the new and small companies have found it worthwhile to locate offices in business centres. Oil companies, multi-nationals, banks, news agencies and industrial giants have all used them while researching and establishing themselves in a new area.

The business centre in the Dubai Airlines Centre has become a centre for established and thriving businesses hoping to expand in the oil rich Arab state. One local businessman estimates he has achieved a 50 per cent saving by utilising pay-as-you-use services rather than purchase his own equipment and employ full-time staff. At Milton Keynes, the independent 4,500 sq ft Silbury Business Centre, owned by Halletts Management Services, which received its first clients in June 1982, claims according to Mr Alan Punched, a director, to be the first "high quality centre run on the American pattern outside London."

At Silbury you find the type of techniques U.S. business expect and take for granted. One American executive describes it as "like a four star hotel."

The success of Silbury is undeniable. It achieved all its financial targets, as well as 100 per cent occupancy, early in its second year. Clients have included British Steel, Trustee Savings Bank, the National House Building Council, and from overseas, Watson Instruments Inc, SECOM, Interflora, Flooding Systems, Finlandia Construction, Danish Wood Treating Company and from Germany, Gruen Kitching.

Prices for a small 100 sq ft office begin at £95 a week, or £25 a day, rising to £220 a week for the largest accommodation. Meeting rooms cost £40 a day, or £80 for a half day. Display areas can be rented for £50 a day, or £100 a week.

Another centre on the approaches to London is Kingswick House, Sunninghill, Berkshire, close to the M3, M4 and London Airport. Executive Offices, as it is known, started in Staines 14 years ago when Radix House and expanded to Sunninghill six years ago. Not long ago they built an extension annex and now have 50 offices ranging in size and price from 180 sq ft and £1,175 per quarter

Clients of Executive Offices have included Boeing, the Chipperfield Organisation, Kawasaki Motor Cycles, Singer, Ransomes and Trivicon, a subsidiary of British Airways.

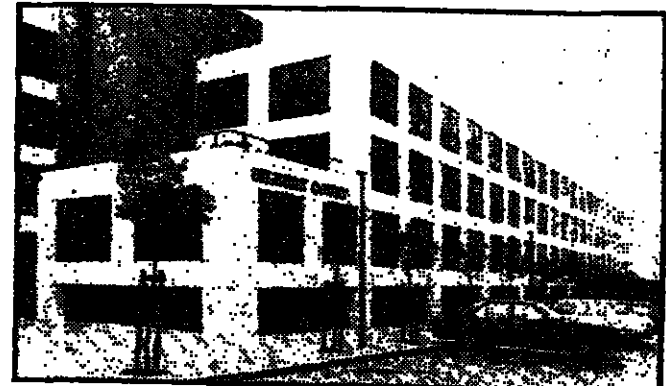
Another successful UK business centre is Down Court, Altrincham, Cheshire. Because of their location they mostly attract the smaller company, one-man consultancy or someone starting a new enterprise, perhaps with redundancy money.

Although some of their offices are occupied on a permanent basis, there are always suites for hire either by the day (£30), or half-day (£18), or per week (£100). Facilities available include the use of a central switchboard, typing, photocopying, telex and a boardroom.

Another northern location is the City Business Centre in Pinfold Street in the centre of Sheffield while in Glasgow the Scottish Business Centre, Rothwell Street, offers fully furnished offices from £25.50 a day—but at a considerably cheaper when booked by the month.

Business centres sometimes act as a catalyst for business growth. The Eurocenter in Amsterdam, occupying two 17th century canal buildings at Keizersgracht 62-64, was used by a British company, R. F. Winder Limited of Pudsey, Yorkshire. They had developed a process known as retrofitting and successfully sold it at home and overseas.

A Dutch company was formed to cope with the demand and Mrs Wildblood, who runs the Amsterdam centre, turned to her husband, a management consultant to help them. He is now head of an expanding Winder (Nederland) BV which continues to occupy offices at the Eurocenter.



Silbury Business Centre, Milton Keynes, has achieved all its financial targets since receiving its first clients in June 1982.

Emphasis on service

CONTINUED FROM PAGE ONE

siderable change. Not the least of this will affect retail travel agencies. In the U.S. these are turned to see what the impact of deregulation of airline ticket sales is likely to be since in theory it means that airlines can market tickets through whatever channels they choose, banks and supermarkets included.

If this freedom were to extend to Europe, and if the airlines were quick to take advantage of it, the results could be dramatic. Even without such a switch there is already a sign in both the U.S. and Europe of a changing relationship between corporate customers and their travel agents, with the pressure being on a new concept of charging with "net cost" methods taking over.

This involves agents totally forgoing their commissions in theory and itemising the real cost of tickets and other ser-

vices and then charging a fee for procurement of those facilities. The excellent recent Economist investigation of the Business Travel Business (1980) suggests the move towards net costing will continue apace.

"Some growth is foreseen in direct sales between suppliers and corporate accounts, but the travel agent will remain the main medium through which travel is arranged. There will be a move towards net pricing. Corporations are unsure about the all-inclusive charging system of agents and will soon insist on being charged on a net cost plus management fee basis."

There seems no good reason to disagree with that, but the end result would be an inevitable acceleration of growth in the power of the major travel agency chains and the almost certain growth of purchasing groups in much the same way as small grocers gathered into consortia to fight the supermarket.

It looks like a fascinating decade ahead.

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You may have discovered some cities that you wouldn't have associated with Swissair. And our little diversion will have helped you to make the right connections all over Europe.

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